# **CSI Financial Products Limited**

(incorporated with limited liability in the British Virgin Islands)
(as the Issuer)

# U.S.\$10,000,000,000 Medium Term Note Programme

Under this U.S.\$10,000,000,000 Medium Term Note Programme (the "Programme"), CSI Financial Products Limited (the "Issuer") may from time to time issue notes (the "Notes") denominated in any currency determined by the Issuer on the terms set out in this Base Programme Document and the relevant Final Terms. If so specified in the relevant Final Terms, the obligations of the Issuer under a series of Notes may be supported by means of a guarantee (a "Note Guarantee") provided by CITIC Securities International Company Limited (中信証券國際有限公司) (the "Note Guarantor"). A series of Notes to which the Note Guarantee applies is a "Guaranteed Series". The Note Guarantee does not apply unless the relevant Final Terms of a particular series of Notes specify it applies to that series.

The maximum aggregate nominal amount of all Notes outstanding under the Programme from time to time will not exceed U.S.\$10,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to such increase as described herein.

The Notes may be issued on a continuing basis to CITIC Securities Brokerage (HK) Limited, CLSA Limited and any such other dealers as may be appointed under the Programme by the Issuer (each a "**Dealer**" and together the "**Dealers**"), and which appointment may be for a specific issue or on an ongoing basis. References in this Base Programme Document to the relevant Dealer shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such issue of Notes.

The Notes may or may not be listed on any stock exchange. The relevant Final Terms will specify whether an issue of Notes will be listed, and if so on which stock exchange(s). It is not the current intention of the Issuer to apply for a listing of the Notes on any stock exchange. In the case where Notes are intended to be listed on a stock exchange, a supplementary Base Programme Document may need to be published.

The Notes will be issued in registered form.

Neither the Issuer nor the Note Guarantor (if applicable) is obliged to gross up any payments in respect of any Notes or shall be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation or surrender for payment, or enforcement of any Note, and all payments made by the Issuer or the Note Guarantor (if applicable) shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

The Notes and any Note Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state of the United States. Notes may not be offered, sold or delivered within the United States or to, or for, the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act). Notes may be offered to non-U.S. persons outside the United States pursuant to Regulation S under the Securities Act (see "Subscription and Sale" below). The Notes may be subject to U.S. tax law requirements.

Prospective purchasers of the Notes should ensure that they understand the nature of the relevant Notes and the extent of their risk exposure and that they consider the suitability of the relevant Notes as an investment in light of their own circumstances and financial condition. Certain issues of Notes involve a high degree of risk and potential investors should be prepared to sustain a loss of all or part of their investment. It is the responsibility of prospective purchasers of the Notes to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in the Notes and that they are not relying on the advice of the Issuer, the Note Guarantor (if applicable), any Dealer, Fiscal Agent, Calculation Agent, Issuing and Paying Agent, CMU Lodging and Paying Agent, Transfer Agent or Registrar in that regard. See "Risk Factors relating to the Notes" on page 5.

As at the date of this Base Programme Document, the Note Guarantor has a long-term corporate credit rating of "BBB+" and a short-term corporate credit rating of "A-2" with negative implications by Standard & Poor's Ratings Services ("S&P"). These

ratings do not constitute a recommendation to buy, sell or hold the Notes and may be subject to suspension, reduction or withdrawal at any time by S&P.

The Issuer may issue Notes in a form not contemplated by the terms and conditions of the Notes herein, in which event the relevant Final Terms will set out the terms and conditions of such Notes.

The contents of this document have not been reviewed or approved or disapproved by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to this document. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Subject as set out below, the Issuer accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case), the information contained or incorporated in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Note Guarantor (if applicable) accepts responsibility for the information in relation to itself only contained in this document. To the best of the knowledge and belief of the Note Guarantor (if applicable) (who has taken all reasonable care to ensure that such is the case), the information contained or incorporated in this document in relation to the Note Guarantor (if applicable) is in accordance with the facts and does not omit anything likely to affect the import of such information.

Unless otherwise expressly stated in a Final Terms, any information contained in the relevant Final Terms relating to any underlying equity security, equity index, interest rate, creditworthiness of one or more entities or other item(s) (each an "Underlying Asset"), to which the relevant Notes relate will only consist of extracts from, or summaries of, information contained in financial and other information released publicly by the issuer, owner or sponsor of such Underlying Asset. The Issuer will, unless otherwise expressly stated in the relevant Final Terms, accept responsibility for accurately reproducing such extracts or summaries (insofar as it is applicable) but the Issuer will not accept any further or other responsibility in respect of the accuracy or completeness of such information.

This Base Programme Document is to be read in conjunction with all documents which are deemed to be incorporated herein by reference. This Base Programme Document shall be read and construed on the basis that such documents are incorporated and form part of this Base Programme Document.

None of any Dealer, Fiscal Agent, Calculation Agent, Issuing and Paying Agent, CMU Lodging and Paying Agent, Transfer Agent, Registrar or the Note Guarantor (if applicable) has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any Dealer, Fiscal Agent, Issuing and Paying Agent, Calculation Agent, CMU Lodging and Paying Agent, Transfer Agent, Registrar or the Note Guarantor (if applicable) as to the accuracy or completeness of the information contained or incorporated in this Base Programme Document or any other information provided by the Issuer in connection with the Programme or the Notes.

No person is or has been authorised by the Issuer or the Note Guarantor (if applicable) to give any information or to make any representation not contained in or not consistent with this Base Programme Document or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Note Guarantor (if applicable), any Dealer, Fiscal Agent, Calculation Agent, Issuing and Paying Agent, CMU Lodging and Paying Agent, Transfer Agent or the Registrar.

Neither this Base Programme Document nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or constituting an invitation or offer by the Issuer or any Dealer that any recipient of this Base Programme Document or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Note Guarantor (if applicable). Neither this Base Programme Document nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any Dealer to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Programme Document nor the offering, sale or delivery of any Notes shall in any circumstances imply that there has been no change in the affairs of the Issuer or the Note Guarantor (if applicable) since the date hereof or upon the date upon which this Base Programme Document has been most recently amended or supplemented or the information contained herein concerning the Issuer and the Note Guarantor (if applicable) is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme or the issue of any Notes is correct as of any time subsequent to the date indicated in the document containing the same. Investors should review, *inter alia*, the most recently

published documents incorporated by reference into this Base Programme Document when deciding whether or not to purchase any Notes. The Issuer and the Note Guarantor (if applicable) undertake no obligation to update any information contained herein to reflect any changes in the expectations with respect thereto after the date of this Base Programme Document or to reflect any change in events, conditions or circumstances on which such information is based.

This Base Programme Document does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Programme Document and the offer or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuer or any Dealer represents that this Base Programme Document may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or any Dealer which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Programme Document nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Programme Document or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Programme Document and the offering and sale of Notes. See "Subscription and Sale" below.

The Notes of each issue may be sold by the Issuer and/or any Dealer at such times and at such prices as the Issuer and/or the Dealer(s) may select. There is no obligation on the Issuer or any Dealer to sell all of the Notes of a series. The Notes may be offered or sold from time to time in one or more transactions, in the overthe-counter market at prevailing market prices or in negotiated transactions, at the discretion of the Issuer and/or the Dealer(s). No representation or warranty or other assurance is given as to the number of Notes of a series issued or outstanding at any time.

All references in this document to "U.S. dollars", "U.S.\$" and "\$" refer to the lawful currency of the United States, "HKD" and "HK\$" refer to the lawful currency of Hong Kong, and "Renminbi" and "RMB" refer to the lawful currency of The People's Republic of China ("PRC") (excluding Hong Kong, Macau and Taiwan). References to "euro" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

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# RISK FACTORS RELATING TO THE NOTES

Investments in the Notes may involve substantial risks and be suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. Prior to making an investment decision, prospective purchasers should consider carefully, in light of their own financial circumstances and investment objectives, (i) all the information set forth in this Base Programme Document and, in particular, the considerations set forth below and (ii) all the information set forth in the relevant Final Terms. Prospective purchasers should make such inquiries as they deem necessary without relying on the Issuer or any Dealer.

An investment in Notes linked to one or more Underlying Asset(s) may entail significant risks not associated with investments in a conventional debt security, including but not limited to, the risks set out below. The amount paid by the Issuer on redemption of the Notes may be less than the nominal amount of the Notes, together with any accrued interest, and may in certain circumstances be zero. Where the Notes are redeemed by the Issuer by delivery of Underlying Asset(s), the value of the Underlying Asset(s) may be less than the nominal amount of the Notes, together with any accrued interest, and may in certain circumstances be zero.

Terms used in this section and not otherwise defined shall have the meanings given to them in "General Terms and Conditions of the Notes".

#### Risks relating to the Issuer and the Note Guarantor

#### Creditworthiness of the Issuer and the Note Guarantor

The Notes constitute direct and unsecured obligations of the Issuer. For a Guaranteed Series only, the Note Guarantee constitutes direct and unsecured obligations of the Note Guarantor. Save for such exceptions as may be provided by applicable legislation, the obligations of the Issuer under the Notes and (for a Guaranteed Series only) the obligations of the Guarantor under the Note Guarantee shall at all times rank at least equally with all other unsecured and unsubordinated obligations of the each of the Issuer and (for a Guaranteed Series only) the Note Guarantor respectively, present and future. The Noteholders will be exposed to the general credit risk of the Issuer and (for a Guaranteed Series only) the Note Guarantor, including the risk that the Issuer and/or (for a Guaranteed Series only) the Note Guarantor becomes insolvent or defaults on their obligations (including payment obligations) under the Notes and/or (for a Guaranteed Series only) the Note Guarantee, in which case the Noteholders can only claim as unsecured creditors of the Issuer and/or (for a Guaranteed Series only) the Note Guarantor respectively.

The Notes are not collateralised and are not secured on any of the assets or collateral of the Issuer or (for a Guaranteed Series only) the Note Guarantor. The Issuer has minimal assets and share capital. For a Guaranteed Series only, the Noteholders are, in effect, relying only on the creditworthiness of the Guarantor and no one else in their investment of the Notes.

Not all Notes have the benefit of the Note Guarantee. Investors must read the relevant Final Terms to ascertain whether a particular series is guaranteed.

#### Ratings assigned to the Note Guarantor

The Note Guarantor has a long-term corporate credit rating of "BBB+" and a short-term corporate credit rating of "A-2" with negative implications by S&P. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. The Note Guarantor cannot assure investors that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. Neither the Issuer nor the Note Guarantor has any obligation to inform holders of the Notes of any such revision, downgrade or withdrawal. A suspension, reduction or withdrawal at any time of the rating assigned to the Note Guarantor may adversely affect the market price of the Notes.

#### Conflicts of interest

The Issuer, the Note Guarantor (if applicable) and their subsidiaries and affiliates may, at the date hereof or at any time hereafter, be in possession of information in relation to an Underlying Asset that is or may be material in the context of the Notes and may or may not be publicly available to Noteholders. There is no obligation on the Issuer, the Note Guarantor (if applicable) or any of their subsidiaries and affiliates to disclose to Noteholders any such information, even where such information may be material to the decision by an investor as to whether or not to purchase the Notes.

The Issuer, the Note Guarantor (if applicable) and their subsidiaries and affiliates may also engage in transactions involving any of the issuers of the securities or reference entities to which payments under a series of Notes may be linked, for their proprietary accounts and/or for accounts under their management and/or to hedge against the market risks associated with the Notes. These transactions may adversely affect the value, performance or creditworthiness of such issuers, their securities or the reference entities, and therefore the value of, and the amount of payments under, the Notes.

Each of the Issuer, the Note Guarantor (if applicable), the Dealer(s) or any of their respective affiliates may have existing or future business relationships with each other (including, but not limited to, lending, depository, derivative counterparty, risk management, advisory and banking relationships), and may pursue actions and take steps that it deems necessary or appropriate to protect its interests arising therefrom without regard to the consequences for a Noteholder. The Issuer, the Note Guarantor (if applicable) and their affiliates act in a number of capacities under the Programme, and may act in other capacities for each series of Notes (such as acting as the Calculation Agent, Issuing and Paying Agent, Transfer Agent and/or Registrar). Potential conflicts of interest may arise in relation to these roles, as they may be performed in a way that may be adverse to investors' interests.

The Issuer, the Note Guarantor (if applicable), any Dealer and their subsidiaries and affiliates owe no duty to the Noteholders to avoid the above conflicts or disclose them. If any of the above activities adversely affect the Notes, the Issuer, the Note Guarantor (if applicable) and their subsidiaries and affiliates are not responsible for any losses.

# Risks associated with hedging activities

In the ordinary course of its business, including without limitation in connection with its market-making activities, the Issuer, the Note Guarantor (if applicable) or any of their subsidiaries and affiliates may effect transactions for its own account or for the account of its customers and hold long or short positions in the Underlying Asset(s) or related derivatives. In addition, in connection with the offering of the Notes, the Issuer, the Note Guarantor (if applicable) or any of their subsidiaries and affiliates may enter into one or more hedging transactions with respect to the Underlying Asset(s) or related derivatives. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer, the Note Guarantor (if applicable) or any of their subsidiaries and affiliates, the Issuer, the Note Guarantor (if applicable) or any of their subsidiaries may enter into transactions in the Underlying Asset(s) or related derivatives which may affect the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the relevant Noteholders.

Upon the redemption of Notes (other than on the Maturity Date), the Issuer, the Note Guarantor (if applicable) or their subsidiaries and affiliates may be required to unwind, terminate, liquidate, adjust, obtain, replace or re-establish such hedging or market-making activities, resulting in a gain to, or losses and costs incurred by, the Issuer, the Note Guarantor (if applicable) or any of their subsidiaries and affiliates. A Noteholder may receive an amount from the Issuer and/or the Note Guarantor (if applicable) in respect of such gain, or, as the case may be, be required to make a payment to the Issuer and/or the Note Guarantor (if applicable) in respect of such losses or costs. In this event, on redemption of the Notes, any amount that would otherwise be received by the Noteholder in the case of cash settlement of the Notes will be adjusted accordingly.

#### Operational risk

Operational risk is inherent in the Issuer's business and can manifest itself in various ways, including business interruption, poor vendor performance or default (including under significant outsourcing arrangements),

information systems malfunctions or failures, hacking incidence and/or other unauthorised intrusions into its websites and/or information systems, regulatory breaches, human errors, employee misconduct, and external fraud. The Issuer also faces the risk of operational failure or termination of any of the clearing agents, exchanges, clearing houses or other financial intermediaries it uses to facilitate its securities transactions.

These events can potentially result in financial loss, impairment to its liquidity, a disruption to its businesses, regulatory sanctions or damage to its reputation. Management attempts to control these risks and keep operational risk at low levels by maintaining a sound and well controlled environment in light of the characteristics of its business, markets and regulatory environment in which it operates. Notwithstanding these measures, operational risk is part of the business environment in which it operates and it may incur losses from time to time due to these types of risks.

# Risks relating to the Notes

### Notes are unsecured obligations

Notes are unsubordinated and unsecured obligations of the Issuer and will rank pari passu with themselves.

In respect of Guaranteed Series, the Note Guarantee will constitute direct, unsubordinated and unsecured obligations of the Note Guarantor and will rank pari passu among themselves.

#### Limited liquidity

There can be no assurance as to how any Notes will trade in the secondary market or whether such market will be liquid or illiquid. No assurance can be given that there will be a market for any Notes. If the Notes are not traded on any stock exchange, pricing information for such Notes may be more difficult to obtain, and the liquidity and market prices of such Notes may be adversely affected.

If Noteholders try to sell their Notes before maturity, there may only be a few or no potential buyers of the Notes in the market. Noteholders therefore may not be able to sell their Notes at all. Even if there are potential buyers, Noteholders may receive an offer which may be less than the amount they invested or what they believe to be the fair value of the Notes.

The Issuer may, but is not obliged to, provide limited secondary market for the Notes. There may be no secondary market at all and Noteholders may not be able to sell the Notes.

# Market value of Notes may be highly volatile

The market value of the Notes will be affected by a number of factors independent of the creditworthiness of the Issuer and in respect of Guaranteed Series only, the Note Guarantor, including but not limited to:

- (i) the value and volatility of the Underlying Asset(s);
- (ii) where the Underlying Asset(s) is/are equity securities, the dividend rate on the Underlying Asset(s) and the financial results and prospects of the issuer of each Underlying Asset;
- (iii) market interest and yield rates;
- (iv) fluctuations in exchange rates;
- (v) liquidity of the Notes or any Underlying Asset in the secondary market;
- (vi) the time remaining to any redemption date or the maturity date;
- (vii) hedging activities engaged by the Issuer that could adversely affect the value of the Underlying Asset(s); and/or
- (viii) economic, financial and political events in one or more jurisdictions, including factors affecting capital markets generally and the stock exchange(s) on which any Underlying Asset may be traded.

The value of the Notes at redemption may be less, and can be substantially less, than the amount of the original investment. In extreme circumstances, investors may lose all of their initial investment. The price at which a Noteholder will be able to sell any Notes prior to maturity may be at a discount, which could be substantial, to the market value of such Notes on the issue date, if, at such time, the market price of the Underlying Asset(s) is below, equal to or not sufficiently above the market price of the Underlying Asset(s) on the issue date. The historical market prices of any Underlying Asset should not be taken as an indication of such Underlying Asset's future performance during the term of any Note.

# No rights of ownership in an Underlying Asset

Investors should be aware that an Underlying Asset will not be held by the Issuer for the benefit of the Noteholders and, as such, Noteholders will have no rights of ownership, including, without limitation, any voting rights, any rights to receive dividends or other distributions or any other rights with respect to any Underlying Asset referenced by such Notes.

The Notes do not represent a claim against any Underlying Asset (or any issuer, sponsor, manager or other connected person in respect of an Underlying Asset) and Noteholders will not have any right of recourse under the Notes to any such Underlying Asset (or any issuer, sponsor, manager or other connected person in respect of an Underlying Asset).

#### Currency risk

The Issuer pays principal and interest on the Notes in the currency in which the Notes are denominated which may present risks if the Noteholder's financial activities are denominated principally in another currency, as exchange rates may significantly change over the tenor of the Notes. In addition, government and monetary authorities may impose exchange controls or devalue or change currencies (as some have done in the past) in a manner that could adversely affect the market value of the Notes.

In particular, Notes denominated in Renminbi are subject to additional risks. Renminbi is not freely convertible or transferable and, currently, there are restrictions on remittance of Renminbi into and outside the PRC, which may affect the liquidity of such Notes and the ability of the Issuer to source sufficient Renminbi outside the PRC to settle such Notes. If the Issuer is unable to source sufficient Renminbi, it may pay holders of such Notes in U.S dollars. Please refer to "Risks related to Notes denominated in Renminbi" below.

# Interest rate risk

Where Notes bear interest at a fixed rate, subsequent changes in market interest rates may adversely affect the value of the Notes.

Where interest on Notes is subject to floating rates of interest that will change subject to changes in market conditions, such changes could adversely affect the rate of interest received on the Notes.

# Settlement delay

The ability of the Issuer to effect electronic payment or settlement in connection with the Notes or the Underlying Assets (as the case may be) may be restricted (if, for example, the relevant settlement or clearing system or delivery mechanism is not operating or is disrupted). This could result in delays in payment or settlement in connection with the Notes or the Underlying Assets. Where such delay occurs, the Noteholders are not entitled to any interest payment.

# Reliance on Clearing Agent

Notes may be represented by one or more Global Certificates. Such Global Certificates will be held by or on behalf of the Clearing Agent. Apart from the circumstances described in the relevant Global Certificate, investors will not be entitled to Notes in definitive form. The Clearing Agent will maintain records of the

beneficial interests in the Global Certificates. While the Notes are represented by one or more Global Certificates, the Issuer and the Note Guarantor (if applicable) will discharge its payment obligations under the Notes by making payments to the Clearing Agent for distribution to their relevant accountholders. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the Clearing Agent to receive payments under the relevant Notes. The Issuer and the Note Guarantor (if applicable) have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificates.

#### Emerging markets risks

An Underlying Asset may include an exposure to emerging markets. Emerging markets are located in countries that possess one or more of the following characteristics: a certain degree of political instability, relatively unpredictable financial markets and economic growth patterns, a financial market that is still at the development state or a weak economy. Emerging markets investments usually result in higher risks such as event risk, political risk, economic risk, credit risk, currency rate risk, market risk, regulatory/legal risk and trade settlement, processing and clearing risks. Investors should note that the risk of occurrence and the severity of the consequences of such risks may be greater than they would otherwise be in relation to more developed countries.

#### Tax

Prospective purchasers of Notes should take note of the information set out in the section headed "General Taxation Information" of this Base Programme Document. Prospective purchasers should conduct such independent investigation and analysis regarding the tax treatment of the Notes as they deem appropriate to evaluate the merits and risks of an investment in the Notes. Tax risks include, without limitation, a change in any applicable law, treaty, rule or regulation or the interpretation thereof by any relevant authority which may adversely affect payments in respect of the Notes. The level and basis of taxation on the Notes and on the Noteholders and any reliefs from such taxation depend on the Noteholder's individual circumstances and could change at any time. The tax and regulatory characterisation of the Notes may change over the life of the Notes. This could have adverse consequences for Noteholders. Prospective purchasers of Notes will therefore need to consult their own tax advisers to determine the specific tax consequences of the purchase, ownership, transfer and redemption, exercise or expiry or enforcement of the Notes.

# No gross up of payments by the Issuer or the Note Guarantor (if applicable)

Neither the Issuer nor the Note Guarantor (if applicable) is obliged to gross up or otherwise increase any payment made in respect of any Notes where such payment is subject to any tax, duty, deduction, withholding or other payment. Therefore, should any such tax, duty, deduction, withholding or other payment be or become applicable to any such payment by the Issuer or the Note Guarantor (if applicable) in respect of any Notes, neither the Issuer nor the Note Guarantor (if applicable) shall be liable for or otherwise or obliged to pay any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted, and the actual amount received by the Noteholder may be less than it would have been in the absence of such tax, duty, deduction, withholding or other payment and the Noteholder may not be able to recover any amount or credit in respect of such tax, duty, deduction, withholding or other payment.

# Potential U.S. withholding tax on Dividend Equivalent Payments

Proposed U.S. Treasury regulations under Section 871(m) of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), if finalized in their current form, could impose withholding after December 31, 2015 at a rate of 30 per cent. (or lower treaty rate) on payments of amounts to the Issuer or holders that are directly or indirectly contingent upon, or determined by reference to, the payment of U.S.-source dividends ("Dividend Equivalent Payments"). Pursuant to guidance published by the IRS, these U.S. Treasury regulations generally are not expected to apply to certain securities, such as the Notes, issued prior to 90 days after the date on which U.S. Treasury regulations under Section 871(m) of the Code are published in final form (the "Grandfather Date"); however, securities that are issued before and significantly modified after

such date may lose "grandfathered" status. It is unclear at this time whether any payments in respect of a Note may be treated as Dividend Equivalent Payments that would be subject to withholding under these rules absent "grandfathered" status. The imposition of this U.S. withholding tax would reduce the amounts received by holders that are not U.S. Holders. In the event that any such U.S. withholding tax would be required with respect to payments on the Notes, no person would be required to pay additional amounts as a result of such withholding. If a holder that is not a U.S. Holder becomes subject to this withholding tax, such holder may be able to claim any exemptions or reductions in tax available under its applicable double tax treaty with the United States.

Further, FATCA (as defined under "General Taxation Information—FATCA Withholding") would impose withholding at a rate of 30 per cent. on any payments in respect of a Note that are treated as Dividend Equivalent Payments when paid to persons that fail to meet certain certification, reporting, or related requirements. As discussed above, payments on Notes issued before the Grandfather Date will not be treated as Dividend Equivalent Payments, including for purposes of FATCA. However, payments on Notes that are issued or significantly modified after the Grandfather Date may be Dividend Equivalent Payments and, therefore, may be subject to FATCA withholding. While a Dividend Equivalent Payment could be subject to both FATCA withholding and U.S. withholding, such a payment would be subject to withholding at a maximum rate of 30 per cent. Additionally, beginning January 1, 2017, FATCA withholding may apply to payments of gross proceeds from the sale or other disposition of a Note that gives rise to Dividend Equivalent Payments.

Notwithstanding the foregoing, FATCA withholding in respect of Dividend Equivalent Payments or gross proceeds on a Note that gives rise to Dividend Equivalent Payments will not apply to a Note that (i) is subject to FATCA withholding solely because it is treated as giving rise to a Dividend Equivalent Payment and (ii) is executed on or before the date that is six months after the date on which obligations of its type are first treated as giving rise to Dividend Equivalent Payments.

The rules governing FATCA and the U.S. withholding tax on Dividend Equivalent Payments are particularly complex and significant aspects of when and how these rules will apply remain unclear. Each holder should consult its own tax advisers to obtain a more detailed explanation of these rules and to learn how FATCA withholding and/or U.S. withholding might affect payments on the Notes.

#### Regulatory risk

The legal and regulatory regime is subject to change in ways that could affect the ability of the Issuer's obligations in respect of any underlying or hedging transactions in relation to the Notes. As agreed by the Group of Twenty Nations, the authorities around the world are implementing legislative and regulatory changes to reduce systemic risk and volatility relating to derivatives trading, such as central clearing for certain classes of over-the-counter derivatives, reporting to trade repositories, and application of organisational, conduct of business and prudential requirements for central counterparties. Such changes to the legal and regulatory regime may adversely impact the Issuer's obligations in respect of any underlying or hedging transactions in relation to the Notes, or may make it unlawful or unfeasible in whole or in part for any reason for it to access the relevant markets for the purpose of managing market risk. This, in turn, may lead to adjustment to or early redemption of the Notes. Investors should note that in the event that there is an early redemption of the Notes, any early payment amount may be less than the investors' initial investment, and could even be zero.

# Suitability of investment

This Base Programme Document identifies in a general way, some of the information that a prospective purchaser should consider prior to making an investment in the Notes. However, this Base Programme Document does not purport to provide all of the information or the comprehensive analysis necessary to evaluate the economic and other consequences of investing in the Notes. Therefore, a prospective purchaser should conduct its own thorough analysis (including its own financial, accounting, legal and tax analysis) prior to deciding whether to invest in the Notes. Any evaluation of whether an investment in the Notes is suitable depends upon a prospective purchaser's particular financial and other circumstances, as well as on the specific terms of the Notes. This Base Programme Document is not, and does not purport to be, investment advice. A prospective purchaser should make an investment in the Notes only after it has determined that such

investment is suitable for its financial investment objectives. Determining whether an investment in the Notes is suitable is a prospective purchaser's responsibility. If a prospective purchaser does not have experience in financial, legal, business and investment matters sufficient to permit it to make such a determination, the prospective purchaser should consult with its financial, tax, legal and/or accounting advisers, prior to deciding to make an investment in the Notes.

#### Risks related to the structure of a particular issue of Notes

## Adjustments, early redemption or cancellation of Notes

In certain circumstances, the Issuer may make adjustments to the terms of the Notes (including substituting an Underlying Asset) or redeem or cancel them at their Early Payment Amount as determined by it without the consent of the Noteholders. Such Early Payment Amount may be less than the issue price of the Notes and could be as low as zero.

### Adjustment or alternative provisions for valuation of an Underlying Asset

If the Issuer determines that any form of disruption event in relation to an Underlying Asset (such as a Market Disruption Event for equity-linked Notes and equity index-linked Notes) has occurred which affects the valuation of such Underlying Asset, the Issuer may apply any consequential adjustment of, or any alternative provisions for, valuation of such Underlying Asset provided in the terms and conditions of the Notes, including a postponement in the valuation of such Underlying Asset and/or a determination of the value of such Underlying Asset by the Issuer in its discretion, acting in good faith and in a commercially reasonable manner, each of which may have an adverse effect on the value of the Notes.

#### Non-principal protected notes

If the relevant Notes are non-principal protected, investors should note that they may lose all or part of their investment in such Notes. Investment in such Notes is speculative and involves significant risk, including the possible loss of the entire amount invested. Investors should therefore only invest in such Notes if they can afford a loss of their entire investment.

#### Risk of leveraged exposure

Certain Notes may be "leveraged" by way of using a number of financial techniques to increase investors' exposure to an Underlying Asset, and can therefore magnify both returns and losses for investors. While the use of leverage allows for potential multiples of return (assuming a return is achieved) when the Underlying Asset moves in the investors' anticipated direction, it will conversely magnify losses when the Underlying Asset moves against the investors' expectations. If the relevant Notes include leverage, investors should note that these Notes will involve a higher level of risk, and that whenever there are losses such losses will be higher (assuming other things being equal) than those of a similar Note which is not leveraged. Investors should therefore only invest in "leveraged" Notes if they fully understand the effect of leverage.

#### Exchange rate risk

There may be an exchange rate risk in respect of Notes where the amount payable is converted from one currency to another. Fluctuation in foreign exchange rates, foreign political and economic developments or so may affect investors' investment return on the Notes.

# Risks related to Notes denominated in Renminbi ("RMB Notes")

As a result of the current restrictions by the PRC government on cross-border Renminbi fund flows, there is currently only limited availability of Renminbi outside of the PRC, which may affect the liquidity of the RMB Notes and the ability of the Issuer to source sufficient Renminbi outside of the PRC to settle the RMB Notes. Since February 2004, in accordance with arrangements between the PRC central government and the Hong Kong government, licensed banks in Hong Kong may offer limited Renminbi-denominated banking services to Hong Kong residents, non-Hong Kong residents and specified business customers. The People's Bank of China ("PBOC"), the central bank of the PRC, has also established a Renminbi clearing and settlement

system for participating banks in Hong Kong. On 19 July 2010, further amendments were made to the Settlement Agreement on the Clearing of Renminbi Business ("Settlement Agreement"), between PBOC and Bank of China (Hong Kong) Limited ("RMB Clearing Bank"), to further expand the scope of Renminbi business for participating banks in Hong Kong. Pursuant to the revised arrangements: (i) all corporations are allowed to open Renminbi accounts in Hong Kong; (ii) there is no longer any limit on the ability of corporations to convert Renminbi; and (iii) there will no longer be any restriction on the transfer of Renminbi funds between different accounts in Hong Kong. However, the conversion of Renminbi by a Hong Kong resident is currently subject to a daily conversion limit. A Hong Kong resident who intends to convert an amount of Renminbi from or to another currency exceeding such daily conversion limit should therefore allow a sufficient period to enable the currency conversion exceeding such daily conversion limit.

The current size of Renminbi-denominated financial assets outside the PRC remains limited. Renminbi business participating banks do not have direct Renminbi liquidity support from PBOC. Participating banks are only allowed to square their open positions with the RMB Clearing Bank which only has access to onshore liquidity support from PBOC to square open positions of participating banks for limited types of transactions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There can be no assurance that new PRC regulations will not be promulgated or that the Settlement Agreement will not be terminated or amended in the future, which could further restrict the availability of Renminbi outside of the PRC. The limited availability of Renminbi outside of the PRC may affect the liquidity of the RMB Notes. To the extent that the Issuer is required to source Renminbi in the offshore market to service the RMB Notes, there can be no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all. If the Issuer is unable to source sufficient Renminbi outside of the PRC, it may pay Noteholders in U.S. dollars equivalent to the outstanding Renminbi amount pursuant to terms and conditions of the RMB Notes.

# Renminbi is not freely convertible and there are significant restrictions on remittance of Renminbi into and outside the PRC

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite the significant reduction over the years by the PRC government of control over routine foreign exchange transactions under current accounts. Participating banks in Hong Kong have been permitted to engage in the settlement of Renminbi trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. This pilot scheme was extended in June 2010 to cover 20 provinces and cities in the PRC to make Renminbi trade and other current account item settlement available in all countries worldwide. It was further extended in August 2011 to cover all provinces and cities in the PRC. The PRC regulatory authorities (including the PBOC, the Ministry of Commerce ("MOFCOM") and the State Administration of Foreign Exchange ("SAFE")) have issued certain PRC regulations on the remittance of Renminbi into the PRC for settlement of capital account items in the forms of cross-border transfers of capital and direct investments in Renminbi, and foreign investors may only remit offshore Renminbi into the PRC for direct investments with Renminbi that it has generated from cross-border trade settlement, that is lawfully remitted out of the PRC or that is lawfully obtained by it outside the PRC upon obtaining the approvals required under the regulations issued or to be issued by the relevant PRC authorities.

In 2011, the PRC government issued certain new rules imposing significant restrictions on the remittance of Renminbi into and out of the PRC, including, among other things, restrictions on the remittance of Renminbi into the PRC by way of direct investments or loans. On 25 February 2011, MOFCOM promulgated the Circular on Issues concerning Foreign Investment Management (the "MOFCOM Circular"). Under the MOFCOM Circular, if a foreign investor intends to make investments in the PRC with Renminbi funds generated from cross-border trade settlement or otherwise lawfully obtained outside the PRC, whether by way of establishing a new enterprise, increasing the registered capital of an existing enterprise, acquiring an onshore enterprise or providing loan facilities, prior written consent from MOFCOM (Foreign Investment Department) is required. On 3 June 2011, the PBOC issued the Circular on Clarifications of Relevant Issues concerning Cross-Border Renminbi Affairs (the "PBOC Circular"). Pursuant to the PBOC Circular, if a foreign investor intends to make investments in the PRC with Renminbi funds it lawfully obtained outside the PRC, whether by way of establishing a new enterprise, increasing the registered capital of an existing enterprise, acquiring an onshore enterprise (excluding any round-tripping acquisition) or providing loan

facilities, it shall, in addition to the approval from MOFCOM (Foreign Investment Department) in accordance with the MOFCOM Circular, also obtain an approval from the PBOC. On 12 August 2011, MOFCOM issued the Notice of Issues concerning Cross-border Direct Investment in Renminbi, in addition to normal foreign investment approval process, Renminbi inbound direct investments is also subject to Renminbi source verification by MOFCOM. To facilitate Renminbi inbound direct investments by foreign investors, MOFCOM promulgated the Circular on Issues Concerning Cross-Border Renminbi Direct Investment (the "New MOFCOM Circular") on 12 October 2011, and the PBOC issued the Administrative Measures on Settlement of Cross-Border Renminbi Direct Investment (the "PBOC Measures") on 13 October 2011.

According to the New MOFCOM Circular, the local counterparts of MOFCOM are authorised to review and approve cross-border Renminbi direct investments in accordance with the administrative regulations on foreign investments currently in force and the authorities granted under these regulations; however, for investments in the amount of Renminbi 300 million or more and investments relating to (i) financial guarantee, finance lease, micro-financing, auction and similar businesses, (ii) foreign-invested investment companies, foreign-invested venture capital investment or equity investment enterprises, and (iii) cement, iron and steel, electrolytic aluminium, shipbuilding and similar industries that are subject to macro-control measures, the provincial level counterparts of MOFCOM must submit the application documents to MOFCOM for review and approval before issuing the official approval. To the extent that any provisions in previous rules are inconsistent with the provisions in the New MOFCOM Circular, the provisions in the New MOFCOM Circular should prevail. According to the PBOC Measures, foreign investors, foreign-invested enterprises or their Chinese shareholders may submit applications to domestic banks to open Renminbi bank settlement accounts for deposit and settlement of Renminbi funds remitted into the PRC in accordance with the Administrative Measures on Renminbi Bank Settlement Accounts for Foreign Institutions and the Administrative Measures on Renminbi Bank Settlement Accounts. After examining the approval or filing documents issued by MOFCOM, its local counterparts or other relevant regulatory authorities in relation to cross-border Renminbi direct investments, domestic banks are permitted to process foreign investors' requests for remittance of offshore Renminbi funds into the PRC. To the extent that any provisions in previous rules are inconsistent with the provisions in the PBOC Measures, the provisions in the PBOC Measures shall

In 2012 and 2013, the PRC government issued several new rules to clarify the administration on the remittance of Renminbi into the PRC by way of loan facilities. Borrowing of Renminbi loan from an offshore lender will in general be deemed as foreign debt of a PRC borrower, which will be subject to foreign debt approval of and/or registration with SAFE as if the loan were denominated in foreign currency.

As these regulations and rules are relatively new, their interpretation and enforcement are subject to uncertainty.

There is no assurance that the PRC government will continue to gradually liberalise the control over cross-border Renminbi remittances in the future, that the pilot scheme introduced in the July 2009 will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. The Issuer will, and the Note Guarantor (if applicable) may, need to source Renminbi offshore to finance their respective obligations under Notes denominated in Renminbi, and their ability to do so will be subject to the overall availability of Renminbi outside the PRC.

Current and future restrictions on the convertibility of Renminbi may make it difficult for the Issuer to obtain Renminbi for the purpose of servicing RMB Notes. If the Issuer is unable to source Renminbi, it may pay Noteholders in U.S. dollars pursuant to terms and conditions of the Notes. Investors that receive payments in Renminbi should also be aware of the restrictions on the convertibility of Renminbi into foreign currencies.

#### Investment in RMB Notes is subject to foreign currency exchange rate risks

The value of Renminbi against the Hong Kong dollar and other foreign currencies fluctuates, and is affected by changes in the PRC, by international political and economic conditions and by various other factors. All payments of interest and principal with respect to the RMB Notes will be made in Renminbi. If an investor measures its investment returns by reference to a currency other than Renminbi, an investment in RMB Notes entails foreign exchange related risks, including possible significant changes in the value of Renminbi relative to the currency by reference to which an investor measures its investment returns. Depreciation of the

Renminbi against such currency could cause a decrease in the effective yield of the RMB Notes below their stated coupon rates and could result in a loss when the return on the RMB Notes is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in RMB Notes.

# Payments in respect of the RMB Notes will only be made to investors in the manner specified in the RMB Notes

All payments to the Noteholders under a RMB Note will be made solely by transfer to a Renminbi bank account maintained outside the PRC. The Issuer cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

Investors may be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in the RMB settlement centre.

# Risks associated with Notes that are linked to a particular type of Underlying Asset

#### Risks associated with Shares

(i) Factors affecting the performance of Shares may adversely affect the value of Notes

The performance of Shares is dependent upon macroeconomic factors, such as interest and price levels on the capital markets, currency developments, political factors as well as company-specific factors such as creditworthiness of the Share Issuer, earnings position, market position, risk situation, shareholder structure and distribution policy, which may in turn adversely affect the value of the Notes

(ii) Actions by the Share Issuer may adversely affect the Notes

The Share Issuer will have no involvement in the offer and sale of the Notes and will have no obligation to any purchaser of such Notes. The Share Issuer may take any actions in respect of such Share without regard to the interests of the purchasers of the Notes, and any of these actions could adversely affect the market value of the Notes.

(iii) Determinations made by the Issuer in respect of Potential Adjustment Events, Extraordinary Events and Additional Disruption Event may have an adverse effect on the value of the Notes

Upon determining that a Potential Adjustment Event, an Extraordinary Event or an Additional Disruption Event has occurred in relation to a Share or Share Issuer, the Issuer has discretion to make certain determinations to account for such event including to (1) make adjustments to the terms of the Notes, and/or (2) (in the case of an Extraordinary Event or an Additional Disruption Event) cause an early redemption of the Notes, any of which determinations may have an adverse effect on the value of the Notes.

# Risks associated with Equity Indices

(i) Factors affecting the performance of Indices may adversely affect the value of the Notes

Indices are comprised of a synthetic portfolio of shares or other assets, and as such, the performance of an Index is dependent upon the macroeconomic factors relating to the shares or other Components that comprise such Index, which may include interest and price levels on the capital markets, currency developments, political factors and (in the case of shares) company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy. These factors may in turn adversely affect the value of the Notes.

(ii) Returns on Notes will not be the same as a direct investment in futures or option on the Index or in the underlying Components of the Index

An investment in the Notes is not the same as a direct investment in futures or option contracts on any or all of the Indices nor any or all of the constituents comprised in each Index. In particular, investors will not benefit directly from any positive movements in any Index nor will investors benefit from any profits made as a direct result of an investment in each Index. Accordingly, changes in the performance of any Index may not result in comparable changes in the market value of the Notes.

(iii) A change in the composition or discontinuance of an Index could have a negative impact on the value of the Notes

The sponsor of an Index can add, delete or substitute the Components of such Index or make other methodological changes that could change the level of one or more Components. The changing of the Components of an Index may affect the level of such Index as a newly added Component may perform significantly worse or better than the Component it replaces, which in turn may adversely affect the value of the Notes. The sponsor of an Index may also alter, discontinue or suspend calculation or dissemination of such Index. The sponsor of an Index will have no involvement in the offer and sale of the Notes and will have no obligation to any investor in such Notes. The sponsor of an Index may take any actions in respect of such Index without regard to the interests of the investor in the Notes, and any of these actions could have an adverse effect on the value of the Notes.

(iv) Occurrence of Index Adjustment Events or Additional Disruption Event

Upon determining that an Index Adjustment Event or an Additional Disruption Event has occurred in relation to an Index, the Issuer has the discretion to make certain determinations and adjustments to account for such event including to (1) make adjustments to the terms of the Notes, and/or (2) cause an early redemption of the Notes, any of which determinations may have an adverse effect on the value of the Notes.

#### Risks associated with Interest Rate

(i) Factors affecting interest rates may adversely affect the value of the Notes

The performance of interest rates is dependent upon a number of factors, including supply and demand on the international money markets, which are influenced by measures taken by governments and central banks, as well as speculations and other macroeconomic factors, which may in turn adversely affect the value of the Notes.

# Risks associated with creditworthiness of the Reference Entity or Entities

The Credit Notes have a different risk profile to other unsecured debt securities. The return on the Credit Notes is linked to the credit risk of one or more Reference Entities and certain obligations of one or more Reference Entities underlying that Series of Credit Notes. Investing in the Credit Notes is not equivalent to investing directly in shares of any Reference Entity or in any obligation of any Reference Entity, nor is it equivalent to taking an exposure or hedging using over-the-counter derivatives.

Prospective investors should note that the Credit Notes differ from ordinary debt securities issued by the Issuer in that (i) the amount of principal and interest (if any) payable by the Issuer is dependent on whether a Credit Event has occurred with respect to a relevant Reference Entity and, if so, on the value of certain specified obligations of such Reference Entity and (ii) if such events have occurred, the Issuer may deliver, on redemption, assets which are obligations of (or obligations guaranteed by) such Reference Entity/Entities in lieu of any cash payment under the Credit Notes.

The Credit Notes may redeem below par and investors may receive no or a limited amount of interest under the Credit Notes. The redemption amount or amount of assets delivered may vary considerably due to market conditions and may in certain circumstances (for example following a default of a Reference Entity) be likely to be valued at a considerable discount to their par value or even zero and investors may therefore lose all or a substantial portion of their investment. The redemption amount is further reduced by the costs incurred by the Issuer on unwinding the transactions entered into by the Issuer for the purpose of hedging its exposure under the Credit Notes. Investors in the Credit Notes should be aware that payment of the redemption amount or

delivery of assets may occur at a different time than expected and that they may lose all or a substantial portion of their investment. In certain circumstances, the Credit Notes may redeem at zero.

The market price of Credit Notes may be volatile and will be affected by, amongst other things, the time remaining to the maturity date, prevailing credit spreads and the creditworthiness of the relevant Reference Entity or Entities, which in turn may be affected by the economic, financial and political events in one or more jurisdictions.

There may exist at times only limited markets for the Credit Notes or no market for the Credit Notes and for the obligations of the Reference Entity or Entities to which the Credit Notes are linked, resulting in low or non-existent volumes of trading in the Credit Notes and such obligations, and therefore a lack of liquidity and price volatility of the Credit Notes and such obligations.

The Credit Notes bear the credit risk of the Reference Entity or Entities identified in the relevant Final Terms. The occurrence of a Credit Event in relation to a relevant Reference Entity will directly and materially affect the return and/or value of an investor's investment in the Credit Notes. The likelihood of a Credit Event occurring in respect of a relevant Reference Entity will generally fluctuate with, among other things, the financial condition and other characteristics of such Reference Entity, general economic conditions, the conditions of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Prospective investors should review each Reference Entity and conduct their own investigation and analysis with respect to the credit risk of each Reference Entity and the likelihood of a Credit Event with respect to such Reference Entity.

Prospective purchasers of Notes should reach an investment decision only after carefully considering the suitability of such Notes in light of their particular circumstances.

#### GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Notes denominated in any currency, subject as set out herein.

The applicable terms of any Notes will be agreed by the Issuer prior to the issue of the Notes and will be set out in the "General Terms and Conditions of the Notes" and the applicable Asset Terms and Conditions endorsed on, attached to, or incorporated by reference into, the Notes, as modified and supplemented by the relevant Final Terms attached to, or endorsed on, such Notes.

This Base Programme Document and any supplement will only be valid for the issue of Notes from the date of this Base Programme Document in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed U.S.\$10,000,000,000 or its equivalent in other currencies. For the purpose of calculating the U.S. dollar equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (a) the U.S. dollar equivalent of Notes denominated in another Specified Currency (as specified in the relevant Final Terms in relation to the relevant Notes, described under "Form of the Notes") shall be determined, at the discretion of the Issuer, either as of the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets settle payments and are open for general business in Hong Kong, in each case on the basis of the spot rate for the sale of U.S. dollars against the purchase of such Specified Currency in the Hong Kong foreign exchange market quoted by any leading international bank selected by the Issuer on the relevant day of calculation;
- (b) the U.S. dollar equivalent of Notes shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes; and
- (c) the U.S. dollar equivalent of Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issue.

#### **SUMMARY OF THE PROGRAMME**

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Programme Document and, in relation to the terms and conditions of any particular series of Notes, the relevant Final Terms. Words and expressions defined in "Form of the Notes", "General Terms and Conditions of the Notes" and "Asset Terms and Conditions" below shall have the same meanings in this summary.

**Issuer** CSI Financial Products Limited.

Note Guarantor CITIC Securities International Company Limited (in respect of

Guaranteed Series only).

Dealer(s) CITIC Securities Brokerage (HK) Limited, CLSA Limited and

any such other Dealer as may be appointed by the Issuer from

time to time.

**Description of the Programme** Medium Term Note Programme.

**Description of the Notes:** Notes issued under the Programme may be equity linked notes,

equity index linked notes, interest rate linked notes, credit notes and any other types of notes that the Issuer may from time to

time decide to issue.

The Notes will be issued in one or more series and/or one or more tranches under a series. The terms of one series of Notes

may be different from another.

The currency of denomination, the denomination, minimum purchase and transfer amount, issue price, interest and

redemption basis, the maturity date and certain other terms will

be specified in the relevant Final Terms.

Certain Restrictions Each issue of Notes denominated in a currency in respect of

which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to

time (see "Subscription and Sale").

Fiscal Agent CSI Capital Management Limited (in respect of Notes held

outside Euroclear, Clearstream, Luxembourg and CMU Service), Citicorp International Limited (in respect of Notes held through Euroclear and/or Clearstream, Luxembourg or CMU Service) or such other fiscal agent as specified in the

relevant Final Terms.

Registrar CSI Capital Management Limited (in respect of Notes held

outside Euroclear, Clearstream, Luxembourg and CMU Service), Citibank, N.A., London Branch (in respect of Notes held through Euroclear and/or Clearstream, Luxembourg), Citicorp International Limited (in respect of CMU Notes) or

such other registrar as specified in the relevant Final Terms.

#### **Calculation Agent**

CSI Capital Management Limited or such other calculation agent specified in the relevant Final Terms.

**Issuing and Paying Agent** 

CSI Capital Management Limited (in respect of Notes held outside Euroclear, Clearstream, Luxembourg and CMU Service), Citibank, N.A., London Branch (in respect of Notes held through Euroclear and/or Clearstream, Luxembourg) or such other issuing and paying agent as specified in the relevant Final Terms.

**Transfer Agent** 

CSI Capital Management Limited (in respect of Notes held outside Euroclear, Clearstream, Luxembourg and CMU Service), Citibank, N.A., London Branch (in respect of Notes held through Euroclear and/or Clearstream, Luxembourg), Citicorp International Limited (in respect of CMU Notes) or such other transfer agent as specified in the relevant Final Terms.

**CMU Lodging and Paying Agent** 

Citicorp International Limited.

**Clearing Agent** 

Euroclear, Clearstream, Luxembourg, CMU Service and such other clearing agent as may be specified in the relevant Final Terms.

**Programme Size** 

Up to U.S.\$10,000,000,000 (or its equivalent in other currencies calculated as described under "General Description of the Programme") outstanding at any time. The Issuer may increase the amount of the Programme.

**Note Guarantee** 

Each Guaranteed Series will be issued with the benefit of a Note Guarantee provided by the Note Guarantor specified in the relevant Final Terms. For a Guaranteed Series only, the payment of principal sums and interest on principal sums (including interest owing on such interest) in respect of the Notes will be unconditionally and irrevocably guaranteed by the Note Guarantor.

Status of the Notes and the Note Guarantee

The Notes shall be issued on an unsubordinated basis.

The Notes will constitute direct, unsubordinated and unsecured obligations of the Issuer and will at all times rank pari passu and without any preference among themselves and equally with all other unsecured and unsubordinated obligations of the Issuer other than obligations as may be preferred by mandatory provisions of applicable law.

For a Guaranteed Series only, the Note Guarantee will constitute direct, unsubordinated and unsecured obligations of the Note Guarantor and will at all times rank pari passu and without any preference among themselves and equally with all other unsecured and unsubordinated obligations of the Note Guarantor other than obligations as may be preferred by mandatory provisions of applicable law.

**Currencies** 

Subject to the applicable legal or regulatory restrictions, the Notes may be issued in any currency specified by the Issuer.

**Maturities** 

Such maturities as may be specified by the Issuer subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer, the Note Guarantor (if applicable) or the relevant Specified Currency.

**Issue Price** 

The Notes may be issued on a fully paid or a partly paid basis and at an issue price which is at par, at a discount to par, or at a premium over par.

Form of Notes

The Notes will be in registered form as described under "Form of the Notes".

**Interest Payments** 

Payments of interest (if applicable) in respect of the Notes will be calculated by reference to a single Underlying Asset or a basket of Underlying Asset(s) on such terms as may be specified by the Issuer (as specified in the relevant Final Terms).

The Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

Redemption

Unless previously redeemed or purchased and cancelled, each Note that provides for Instalment Dates and Instalment Amounts (except the final Instalment Amount) shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Final Terms.

Unless previously redeemed or purchased and cancelled subject to the relevant Asset Terms and Conditions and the relevant Final Terms, each Note shall be redeemed on the Maturity Date at its Redemption Amount or its final Instalment Amount, in each case, as specified in the relevant Final Terms.

The relevant Final Terms may provide that the Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the relevant Final Terms.

**Early Redemption** 

Each Note may be redeemed early for Illegality reasons pursuant to General Condition 5(c) or as a result of a Tax Event pursuant to General Condition 5(d) or a Regulatory Event pursuant to General Condition 5(e), or upon any Note becoming due and payable upon occurrence of an Event of Default pursuant to General Condition 8 and/or such other event as specified in the relevant Asset Terms and Conditions and/or the relevant Final Terms, at the Early Payment Amount.

Redemption at the Option of the Issuer

If "Call Option" is specified in the relevant Final Terms, the

Issuer may, on giving notice to the Noteholders, redeem all or some of the Notes on any Optional Redemption Date at the Optional Redemption Amount as specified in the relevant Final Terms.

# Redemption at the Option of Noteholders

If "Put Option" is specified in the relevant Final Terms, the Issuer shall, at the option of any Noteholder and upon such Noteholder exercising such put option by notice, redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified in the relevant Final Terms. No such option may be exercised if the Issuer has given prior notice of redemption of the Notes.

#### **Denomination of Notes**

The Notes will be issued in such denominations as may be specified by the Issuer save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

#### **Taxation**

The Issuer and/or the Note Guarantor (if applicable) will not be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any Note and all payments made by the Issuer and/or the Note Guarantor (if applicable) shall be made subject to any tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

#### **Negative Pledge**

The terms of the Notes will not contain a negative pledge provision.

#### **Cross Default**

The terms of the Notes will not contain a cross default provision.

### Rating of the Note Guarantor

The Note Guarantor has a long-term corporate credit rating of "BBB+" and a short-term corporate credit rating of "A-2" with negative implications by S&P.

# **Rating of the Notes**

The Notes issued under the Programme will not be rated.

# Listing

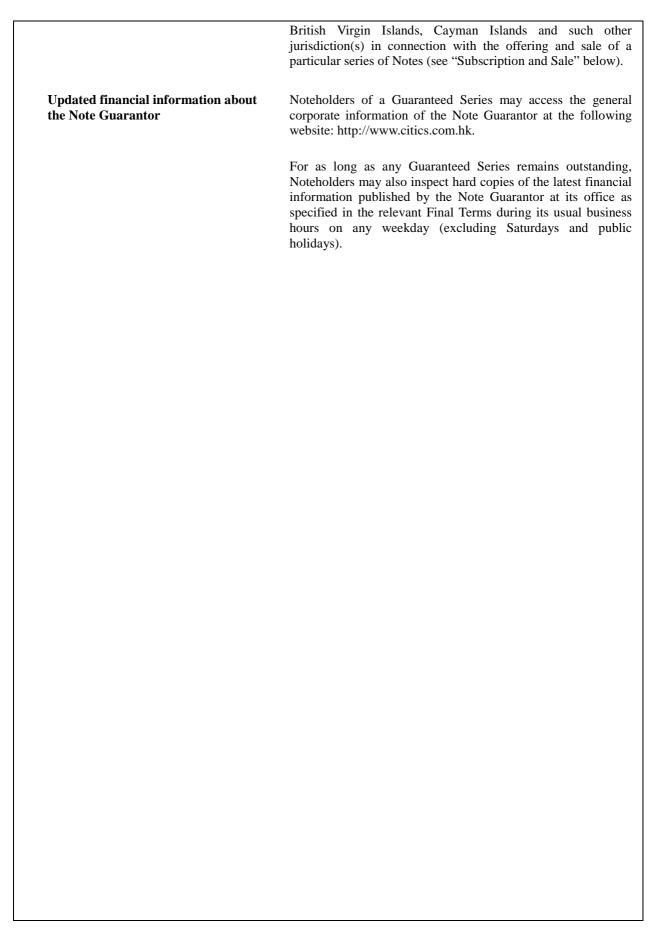
The Notes may or may not be listed on any stock exchange. The relevant Final Terms will specify whether a series of Notes will be listed, and if so on which stock exchange(s). It is not the current intention of the Issuer to apply for a listing of the Notes on any stock exchange.

# **Governing Law**

The Notes will be governed by, and construed in accordance with, Hong Kong law.

#### **Selling Restrictions**

There are restrictions on the offer, sale and transfer of the Notes in Hong Kong, The People's Republic of China, Singapore, the United States, the United Kingdom, Taiwan, Macau, Bermuda,



#### FORM OF THE NOTES

The Notes will initially be represented by a Global Certificate or Definitive Certificate in registered form. The Global Certificate will (i) be deposited with a common depositary for Euroclear and Clearstream, Luxembourg and registered in the name of a common nominee of Euroclear and Clearstream, Luxembourg or (ii) be deposited with a sub-custodian for the Hong Kong Monetary Authority as operator of the CMU Service or (iii) be held through such other Clearing Agent as specified in the relevant Final Terms. Persons holding beneficial interests in Global Certificate will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Definitive Certificates in fully registered form.

Payments of principal, interest and any other amount in respect of the Global Certificates will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in General Condition 16) as the registered holder of the Global Certificates. None of the Issuer, the Note Guarantor (if applicable), the Fiscal Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in General Condition 6(a)) immediately preceding the due date for payment in the manner provided in that General Condition.

Transfers of holding of Notes represented by any Global Certificate pursuant to General Condition 2 may only be made in part (i) if principal in respect of any Notes is not paid when due, or (ii) the relevant Clearing Agent have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so. Provided that, in the case of the first transfer of part of a holding pursuant to (i) or (ii) above, the holder of the Notes has given the Registrar not less than 30 days' notice at its specified office of such holder's intention to effect such transfer.

#### **Transfer of Interests**

Interests in the Global Certificates may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Global Certificates. No beneficial owner of an interest in a Global Certificate will be able to transfer such interest, except in accordance with the applicable procedures of the relevant Clearing Agent to the extent applicable.

The Global Certificates and Definitive Certificates are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions (see "Subscription and Sale").

# General

A Note may be accelerated by the holder thereof in certain circumstances described in General Condition 8. In such circumstances, where any Note is still represented by a Global Certificate and the Global Certificate (or any part thereof) has become due and repayable in accordance with the terms and conditions of such Notes and payment in full of the amount due or delivery of any Underlying Asset has not been made in accordance with the provisions of the Global Certificate, then holders of interests in such Note credited to their accounts with the Clearing Agent will become entitled to proceed directly against the Issuer on the basis of statements of account provided by the Clearing Agent on and subject to the terms of a Deed of Covenant (the "Deed of Covenant") executed by the Issuer, dated as of 28 July 2014, as amended and restated on 25 November 2015.

#### GENERAL TERMS AND CONDITIONS OF THE NOTES

The following is the text of the general terms and conditions ("General Conditions") that, together with any applicable Asset Terms and Conditions ("Asset Terms") (as specified in the relevant Final Terms) and subject to the provisions of the relevant Final Terms, shall be applicable to the Notes. References in the Terms and Conditions to "Notes" are to the Notes of one series only, not to all Notes that may be issued under the Programme.

The Notes (which expression shall include any Notes issued pursuant to General Condition 12) are issued pursuant to an agency agreement (as amended, restated or supplemented from time to time, the "Agency Agreement") between CSI Financial Products Limited as issuer ("Issuer") and CSI Capital Management Limited or Citicorp International Limited (or such other entity as may be specified in the relevant Final Terms) as fiscal agent and the other agents named in it and with the benefit of a deed of covenant (as amended, restated or supplemented from time to time, the "Deed of Covenant") executed by the Issuer. If so specified in the applicable Final Terms, the Notes are guaranteed by CITIC Securities International Company Limited as guarantor ("Note Guarantor") by means of a deed poll executed by the Note Guarantor ("Note Guarantee"). The registrar, the calculation agent and the fiscal agent for the time being (if any) are referred to below respectively as the "Registrar", the "Calculation Agent" and the "Fiscal Agent" (together with any other agents specified in the relevant Final Terms, the "Agents"). The Noteholders (as defined in General Condition 1) are deemed to have notice of, and are entitled to the benefit of, all of the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement and the Deed of Covenant are, and, so long as any Note remains outstanding, will be available for inspection during normal business hours at the specified office of the Fiscal Agent.

References herein to the "Notes" shall be references to the Notes of one series and shall mean:

- (i) in relation to any Notes represented by a global certificate (a "Global Certificate"), units of the lowest Specified Denomination in the Specified Currency;
- (ii) any Global Certificate; and
- (iii) any definitive certificates in registered form ("Definitive Certificates").

The Notes of any series are subject to these General Conditions, as modified and/or supplemented by any applicable Asset Terms and the relevant final terms containing the final terms (the "**Final Terms**") relating to the relevant Notes (together, the "**Terms and Conditions**").

Expressions used herein and not defined shall have the meaning given to them in any applicable Asset Terms or the relevant Final Terms. In the event of any inconsistency between the General Conditions, the applicable Asset Terms and the relevant Final Terms, the prevailing terms will be determined in accordance with the following order of priority (where (a) prevails over the other terms):

- (a) the relevant Final Terms;
- (b) the applicable Asset Terms; and
- (c) the General Conditions.

### 1. Form, Denomination and Title

The Notes are issued in registered form and, in the case of Definitive Certificates, serially numbered, in the Specified Currency, with the Specified Denomination specified in the relevant Final Terms.

All Notes of one series shall have the same Specified Denomination.

The Notes (i) bear interest calculated by reference to a fixed rate of interest ("Fixed Rate Notes"), (ii) bear interest by reference to a floating rate of interest ("Floating Rate Notes"), (iii) are issued on a non-

interest bearing basis ("**Zero Coupon Notes**") or (iv) are a combination of (i) and (ii) of the foregoing, as specified in the relevant Final Terms.

Subject as set out below, title to the Notes will pass upon the registration of transfers in accordance with the provisions of the Agency Agreement.

The Issuer, the Fiscal Agent and the Registrar will (except as otherwise required by law) deem and treat the registered holder of any Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Certificate, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Certificate held by or on behalf of the Euroclear Bank S.A./N.V. ("Euroclear") and/or Clearstream Banking, société anonyme ("Clearstream, Luxembourg"), and/or a sub-custodian for the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority ("CMU Service") or such other additional or alternative clearing agent specified as such in the relevant Final Terms or as may otherwise be approved by the Issuer and the Fiscal Agent ("Clearing Agent"), each person (other than the Clearing Agent) who is for the time being shown in the records of the Clearing Agent as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by the Clearing Agent as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Fiscal Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the registered holder of the relevant Global Certificate shall be treated by the Issuer and the Fiscal Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Certificate and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly. Notwithstanding the above, if a Note (whether in global or definitive form) is held through the CMU Service, any payment that is made in respect of such Note shall be made at the direction of the registered holder to the person(s) for whose account(s) interests in such Note are credited as being held through the CMU Service in accordance with the rules of the CMU Service at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report (as defined in the rules of the CMU Service) or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) ("CMU Accountholders") and such payments shall discharge the obligation of the Issuer in respect of that payment under such Note.

Notes which are represented by a Global Certificate will be transferable only in accordance with the rules and procedures for the time being of the Clearing Agent.

#### 2. Transfers of the Notes

# (a) Transfer of interests in Global Certificate

Transfers of beneficial interests in Global Certificates will be effected by the Clearing Agent, and, in turn, by other participants and, if appropriate, indirect participants acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Global Certificate will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Global Certificate only in the authorised denomination set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of the Clearing Agent and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Global Certificate registered in the name of a nominee or subcustodian for the CMU Service shall be limited to transfers of such Global Certificate, in whole but not in part, to another nominee or sub-custodian of the CMU Service or to a successor of the CMU Service or such successor's nominee or sub-custodian.

# (b) Transfer of Notes in definitive form

Subject as provided in paragraph (d) below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Note in definitive form may be transferred in whole or in part (in the Specified Denomination or any integral multiple of the Specified Denomination) by the transferor or a person duly authorised on behalf of the transferor depositing the Note for registration of the transfer of the Note (or the relevant part of the Note) at the specified office of the Registrar, with the form of transfer endorsed thereon duly completed and signed by or on behalf of the transferor and upon the Registrar after due and careful enquiry being satisfied with the documents of title and the identity of the person making the request and subject to any regulations set out in the Agency Agreement, the Registrar should enter the name of the transferee in the Register for the Notes as the holder of the Note or part thereof specified in the form of transfer. Subject as provided above, the Registrar will, within five Hong Kong Business Days of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), deliver at its specified office to the transferee or (at the risk of the transferee) send by regular uninsured mail to such address as the transferee may request a new Note of the same Aggregate Nominal Amount to the Note (or the relevant part of the Note) transferred. In the case of a transfer of part only of a Note, a new Note in respect of the balance of the Note not transferred will be so delivered or (at the risk of the transferor) sent to the transferor. For the purposes of this paragraph, the expression "Hong Kong Business Day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in Hong Kong.

#### (c) Registration of transfer upon partial redemption

In the event of a partial redemption of Notes, the Issuer shall not be required:

- (i) to register the transfer of Notes (or parts of Notes) during the period beginning on the 65th day before the date of the partial redemption and ending on the day on which notice is given specifying the serial numbers of Notes called (in whole or in part) for redemption (both inclusive); or
- (ii) to register the transfer of any Note, or part of a Note, called for redemption.

#### (d) Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration or exchange in the Tax Jurisdiction or in any other jurisdiction where the Registrar's specified office is located.

#### (e) Exchanges and transfers of Notes generally

Holders of Notes in definitive form may exchange such Notes for interest in a Global Certificate of the same type at any time, subject to compliance with applicable securities laws and selling restrictions.

# 3. Status of the Notes and the Note Guarantee

The Notes will constitute direct, unsubordinated and unsecured obligations of the Issuer and will at all times rank pari passu and without any preference among themselves.

If so specified in the applicable Final Terms, the payment of the principal, premium (if any) and interest (if any) in respect of the Notes and all other moneys payable by the Issuer under or pursuant to these Conditions has been unconditionally and irrevocably guaranteed by means of the Note Guarantee by the Note Guarantee. The Note Guarantee will constitute direct, unsubordinated and unsecured obligations of the Note Guarantor and will at all times rank pari passu and without any preference among themselves.

Save for such exceptions as may be provided by applicable legislation, the obligations of the Issuer under the Notes and (if applicable) the obligations of the Note Guarantor under the Note Guarantee will at all times rank at least equally with all other unsecured and unsubordinated obligations of the Issuer and the Note Guarantor (if any) respectively, present and future.

#### 4. Interest and Other Calculation

#### (a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date either (i) at the rate per annum (expressed as a percentage) equal to the Rate of Interest or (ii) in an Interest Amount, such interest being payable in arrears on each Interest Payment Date. If so specified in the relevant Final Terms, the Rate of Interest or Interest Amount may be different Interest Periods.

#### (b) Premium

If so specified in the relevant Final Terms, the Issuer shall pay a premium in respect of the derivative element of the Notes. Such premium shall be payable in respect of each Note on its outstanding nominal amount from the Premium Commencement Date either (i) at the rate per annum (expressed as a percentage) equal to the Rate of Premium or (ii) in an amount equal to a fixed Premium Amount, such premium being payable in arrears on each Premium Payment Date. If so specified in the relevant Final Terms, the Rate of Premium or Premium Amount may be different for different Premium Periods.

#### (c) Interest on Floating Rate Notes

#### (i) Interest Payment Dates

Each Floating Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date specified in the relevant Final Terms.

# (ii) Business Day Convention

If any date that is specified in the relevant Final Terms to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

# (iii) Rate of Interest for Floating Rate Notes

The Rate of Interest in respect of Floating Rate Notes for each Interest Period shall be determined by the Calculation Agent (as defined in the ISDA Definitions) as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the relevant Final Terms) the Margin (if any). For the purposes of this sub-paragraph (iii), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (A) the Floating Rate Option is as specified in the relevant Final Terms;
- (B) the Designated Maturity is a period so specified in the relevant Final Terms; and

(C) the relevant Reset Date is (I) if the applicable Floating Rate Option is based on LIBOR or EURIBOR, the first day of that Interest Period or such days as so specified in the relevant Final Terms, or (II) if the applicable Floating Rate Option is neither based on LIBOR nor EURIBOR, such other day as so specified in the relevant Final Terms,

provided that if the Issuer determines that such ISDA Rate cannot be determined in accordance with the ISDA Definitions read with the above provisions, the value of the ISDA Rate for an Interest Period shall be such rate as is determined by the Calculation Agent in good faith and in a commercially reasonable manner having regard to comparable benchmarks then available.

For the purposes of this sub-paragraph (iii), "Floating Rate", "Floating Rate Option", "Reset Date", "Designated Maturity" and "Swap Transaction" have the meanings given to those terms in the ISDA Definitions.

#### (d) Accrual of Interest and Premium

Interest and Premium shall cease to accrue on each Note on the due date for redemption unless payment is improperly withheld or refused, in which event interest and premium shall continue to accrue (both before and after judgment) in the manner provided in this General Condition 4 to the Relevant Date (as defined in General Condition 7).

# (e) Maximum/Minimum Rates of Interest, Rate Multipliers and Rounding

- (i) If any Rate Multiplier is specified in the relevant Final Terms (either (A) generally, or (B) in relation to one or more Interest Periods), an adjustment shall be made to all Rates of Interest, in the case of (A), or the Rates of Interest for the specified Interest Periods, in the case of (B), calculated in accordance with (c) above by multiplying by such Rate Multiplier, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest is specified in the relevant Final Terms, then any Rate of Interest shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations (unless otherwise specified), (A) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (B) all figures shall be rounded to seven significant figures (with halves being rounded up) and (C) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest transferable amount of such currency.

#### (f) Calculations

The amount of interest or premium payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest or Rate of Premium and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount or Premium Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest or premium payable in respect of such Note for such period shall equal such Interest Amount or Premium Amount (or be calculated in accordance with such formula).

# (g) Determination and Publication of Rates of Interest/Premium and Interest/Premium Amounts

On such date as the Calculation Agent may be required under this General Condition 4 to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate, calculate such amounts, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amount and/or the Rate of Premium and Premium Amount for each Interest Period and Premium Period and the relevant Interest Payment Date and Premium Payment Date to be notified to the Fiscal Agent, the Issuer (if the Issuer is not the

Calculation Agent) and the Noteholders as soon as possible after their determination but in no event later than the fourth Business Day after such determination. Where any Interest Payment Date or Premium Payment Date is subject to adjustment pursuant to General Condition 4(c)(ii), the Interest Amounts and the Interest Payment Date or Premium Amount and Premium Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period or Premium Period. If the Notes become due and payable under General Condition 8, the accrued interest and the Rate of Interest and/or Rate of Premium payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this General Condition 4 but no publication of the Rate of Interest and/or Rate of Premium or the Interest Amount or Premium Amount so calculated need be made.

# (h) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Payment Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in General Condition 5(b)(i)).

#### 5. Redemption, Purchase and Options

#### (a) Redemption by Instalments and Final Redemption

- (i) Unless previously redeemed or purchased and cancelled, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Final Terms. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed or purchased and cancelled subject to the relevant Asset Terms or the Final Terms, each Note shall be redeemed on the Maturity Date at its Redemption Amount or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount, in each case, as specified in the relevant Final Terms.

# (b) Early Redemption

# (i) Zero Coupon Notes

- (A) The Early Payment Amount payable in respect of any Zero Coupon Note, the Early Payment Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to General Condition 5(c), (d) or (e) or upon it becoming due and payable as provided in General Condition 8 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified in the relevant Final Terms.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Payment Amount payable in respect of any such Note upon its redemption pursuant to General Condition 5(c), (d) or (e) or upon it becoming due and payable as provided in General Condition 8 is not paid when due, the Early Payment Amount due and

payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with General Condition 4(h).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction as specified in the relevant Final Terms.

#### (ii) Other Notes

The amount payable in respect of any Note upon redemption of such Note pursuant to General Condition 5(c), (d) or (e), or upon any Note becoming due and payable as provided in General Condition 8, shall be the amount determined by the Issuer that, in the case of redemption pursuant to General Condition 5(c), (d) or (e) on a day prior to the due date for redemption selected by the Issuer in its sole and absolute discretion or, in the case of redemption pursuant to General Condition 8, on the due date for redemption of such Note, is equal to the Early Payment Amount.

#### (c) Redemption for Illegality Reasons

If the Issuer shall have determined in good faith that the performance of any of its obligations under the Notes or that any arrangement made to hedge its obligations under the Notes shall have or will become, in whole or in part, unlawful, illegal, or otherwise contrary to any present or future law, rule, regulation, judgment, order, directive, policy or request of any governmental, administrative, legislative or judicial authority or power (but, if not having the force of law, only if compliance with it is in accordance with the general practice of persons to whom it is intended to apply), or any change in the interpretation thereof (an "Illegality"), then the Issuer may, if and to the extent permitted by applicable law, having given not more than 30 nor less than 15 days' notice to Noteholders in accordance with General Condition 13, redeem the Notes at their Early Payment Amount. The Issuer will have no further obligation in relation to the Notes after payment of the Early Payment Amount.

# (d) Redemption for Tax Reasons

If the Issuer shall have determined in good faith that a Tax Event has occurred, then the Issuer may, if and to the extent permitted by applicable law, having given not more than 30 nor less than 15 days' notice to Noteholders in accordance with General Condition 13, redeem the Notes at their Early Payment Amount. The Issuer will have no further obligation in relation to the Notes after payment of the Early Payment Amount.

# (e) Redemption for Regulatory Event

If the Issuer shall have determined in good faith that a Regulatory Event has occurred, then the Issuer may, if and to the extent permitted by applicable law, having given not more than 30 nor less than 15 days' notice to Noteholders in accordance with General Condition 13, redeem the Notes at their Early Payment Amount. The Issuer will have no further obligation in relation to the Notes after payment of the Early Payment Amount.

# (f) Redemption at the Option of the Issuer

If "Call Option" is specified in the relevant Final Terms, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified in the relevant Final Terms) redeem all or, if so provided, some of the Notes on any Optional Redemption Date specified in the relevant Final Terms at their Optional Redemption Amount specified in the relevant Final Terms. Any such redemption must relate to Notes of a nominal amount at least

equal to the minimum nominal amount to be redeemed and no greater than the maximum nominal amount to be redeemed, as specified in the relevant Final Terms. All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this General Condition 5(f).

In the case of a partial redemption, the Notes to be redeemed shall be selected by the Issuer in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and regulations and other relevant requirements, and holders of Notes shall be notified separately if their Notes have been selected.

# (g) Redemption at the Option of Noteholders

If "**Put Option**" is specified in the relevant Final Terms, the Issuer shall, at the option of a holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the relevant Final Terms) redeem such Note on the Optional Redemption Date(s) specified in the relevant Final Terms at its Optional Redemption Amount specified in the relevant Final Terms. No such option may be exercised if the Issuer has given notice of redemption of the Notes.

If the Note is in definitive form, to exercise such option, the holder must deposit a duly completed option exercise notice substantially in the form set out in the Agency Agreement (or such other form as the Issuer, the Fiscal Agent and the Registrar may approve) within the notice period together with the Definitive Certificates with the Registrar at its specified office.

# (h) Purchases

The Issuer and any subsidiary or affiliate of the Issuer may at any time purchase Notes (provided that such Notes are purchased with all rights to receive all future payments of interest and Instalment Amounts (if any)) in the open market or otherwise at any price and may hold, resell or cancel them.

# (i) Reference to Principal

References to "**principal**" shall be deemed to include, wherever the context so admits, any amounts payable under the Notes other than by way of interest.

# 6. Payments

# (a) Payments in respect of the Notes

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Note (whether or not in global form) will be made to the person shown on the Register at the close of business on (i) the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the due date for payment, in the case of Definitive Certificates; or (ii) the business day (being for this purpose a day on which the Clearing Agent is open for business) before the due date for payment, in the case of Global Certificates, against presentation and surrender (or, in the case of part payment of any sum due only, endorsement) of the Note at the specified office of the Registrar or Fiscal Agent.

Payments of interest due on a Note and payments of instalments (if any) of principal on a Note, other than the final instalment, will be made to the person in whose name such Note is registered at the close of business on (i) the fifteenth day (whether or not such fifteenth day is a business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located)) before the due date for payment, in the case of Definitive Certificates; or (ii) the business day (being for this purpose a day on which the Clearing Agent is open for business) before the due date for payment, in the case of Global Certificates (each such date, the "Record Date").

Payments on each Note shall be made as follows:

- (i) in the case of a Settlement Currency other than RMB, in the Settlement Currency by cheque drawn on a bank and mailed to the holder (or to the first-named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar before the Record Date, such payment may be made by transfer to an account in the Settlement Currency specified by the payee with a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET2 System; or
- (ii) in the case of RMB, by credit or transfer to an RMB account maintained by or on behalf of the payee with a bank in Hong Kong in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to settlement in RMB in Hong Kong).

In the case of Notes (whether or not in global form) held in the CMU Service, payment will be made at the direction of the registered holder to the CMU Accountholders and such payment shall discharge the obligations of the Issuer in respect of that payment.

#### (b) Payment in U.S. Dollar Equivalent

Notwithstanding any other Terms and Conditions, if by reason of the occurrence of an RMB Disruption Event, the Issuer determines in good faith that it is not able, or it would be impracticable for it, to satisfy payments in respect of the Notes in RMB in Hong Kong, the Issuer will settle any such payment in U.S dollars on the due date for payment at the U.S Dollar Equivalent of any such RMB denominated amount and give notice thereof (including details thereof) as soon as practicable to the Noteholders in accordance with General Condition 13.

# (c) Discharge of Obligation

The holder of a Global Certificate (if the Global Certificate is not lodged with the CMU Service) or the CMU Accountholder at the direction of the holder of a Global Certificate (if the Global Certificate is lodged with the CMU Service) shall be the only person entitled to receive payments in respect of Notes represented by such Global Certificate and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Certificate or such CMU Accountholder (as the case may be) in respect of each amount so paid. Each of the persons shown in the records of the Clearing Agent as the holder of a particular nominal amount of Notes represented by such Global Certificate must look solely to the Clearing Agent for its share of each payment so made by the Issuer to, or to the order of, the holder of such Global Certificate. No person other than the holder of the Global Certificate shall have any claim against the Issuer or the Note Guarantor (if any) in respect of any payments due on that Global Certificate.

# (d) Payments Subject to Laws

All payments are subject in all cases to any applicable fiscal and other laws, regulations and directives.

# (e) Appointment of Agents

The Agents initially appointed by the Issuer and their respective specified offices are specified in the relevant Final Terms. The Agents act solely as agents of the Issuer and neither the Issuer nor any of the Agents assumes any obligation or relationship of agency or trust or of a fiduciary nature for or with any Noteholder. The Issuer may at any time vary or terminate the appointment of any Agent and appoint additional or other Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent and (ii) a Registrar in relation to the Notes.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

# (f) Non-Currency Business Days

If any date for payment in respect of any Note is not a business day, the holder shall not be entitled to payment until the next following business day or to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day which is a Currency Business Day and, where presentation is required, a "Banking Day" in the relevant place of presentation.

# (g) No Gross-Up on Payments by Issuer or the Note Guarantor

Neither the Issuer nor the Note Guarantor (if any) shall be liable for or otherwise obliged to pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, presentation and surrender for payment, or enforcement of any Note and all payments made by the Issuer or the Note Guarantor (if any) shall be made subject to any tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted. Each of the Issuer and the Note Guarantor (if any) shall have the right to withhold or deduct from any amount payable to the Noteholder such amount (a) for the payment of any such taxes, duties, charges, withholdings or other payments; or (b) for effecting reimbursement to the Issuer and/or the Note Guarantor (if any) for any payment by it of any tax, duty, charge, withholding or other payment referred to this General Condition 6.

#### 7. **Prescription**

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless the Global Certificate is presented for payment within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date. "**Relevant Date**" means, in respect of any payment, (a) the date on which such payment first becomes due and payable or (b) if the full amount of moneys payable has not been received by the Fiscal Agent on or prior to such date, the date on which, the full amount of such moneys having been so received, notice to that effect is given to the Noteholders in accordance with General Condition 13.

#### 8. Events of Default

If any one or more of the following events (each an "Event of Default") has occurred and is continuing:

- (a) the Issuer or the Note Guarantor (if any) fails to pay any amount due on the Notes within 30 days after the due date:
- (b) the Issuer or the Note Guarantor (if any) is (or is determined by law or court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, initiates or becomes subject to proceedings relating to itself under any applicable bankruptcy, liquidation, insolvency, composition administration or insolvency law proposes or makes a stay of execution, a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) its debts; or
- (c) a resolution is passed, or a final order of a court of competent jurisdiction is made, and where not possible, not discharged or stayed within a period of 90 days, that the Issuer or the Note Guarantor (if any) be wound up or dissolved,

then the holder of any Note may, by notice in writing given to the Fiscal Agent at its specified office, declare such Note immediately due and payable, whereupon such Note shall become redeemable at an amount equal to its Early Payment Amount unless prior to the time when the Fiscal Agent receives such notice all Events of Default have been cured.

#### 9. Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of the Terms and Conditions. Such a meeting may be convened by Noteholders holding not less than one tenth in nominal amount of the Notes for the time being outstanding. The quorum for any

meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (a) to amend any date for payment on the Notes, (b) to reduce or cancel the nominal amount of, or any other amount payable or deliverable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes, (d) to vary any method of, or basis for, calculating any amount payable on the Notes or deliverable in respect of the Notes, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

The Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

#### 10. Modification

The Issuer and the Note Guarantor (if any) may modify the Terms and Conditions and the Deed of Covenant (and, together with the other parties thereto, the Agency Agreement) without the consent of any Noteholder for the purposes of (a) curing any ambiguity or correcting or supplementing any provision contained in them in any manner which the Issuer may deem necessary or desirable provided that such modification is not, in the determination of the Issuer, prejudicial to the interests of the Noteholders or (b) correcting a manifest error. Notice of any such modification will be given to the Noteholders in accordance with General Condition 13.

#### 11. Taxation

Neither the Issuer nor the Note Guarantor (if any) is liable for or otherwise obliged to pay, and the relevant Noteholder shall pay, any tax, duty, charges, withholding or other payment which may arise as a result of, or in connection with, the ownership, transfer, redemption or enforcement of any Note, including, without limitation, the payment of any amount thereunder. Each of the Issuer and the Note Guarantor (if any) shall have the right to withhold or deduct from any amount payable to the Noteholder such amount (a) for the payment of any such taxes, duties, charges, withholdings or other payments or (b) for effecting reimbursement to the Issuer for any payment by it of any tax, duty, charge, withholding or other payment referred to in this General Condition 11.

# 12. Further Issues

The Issuer may from time to time without the consent of the Noteholders create and issue further Notes having the same terms and conditions as the Notes (save possibly for the amount and date of the first payment of interest and premium and for the issue price) (so that, for the avoidance of doubt, references in the Terms and Conditions to "Issue Date" shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in the Terms and Conditions to "Notes" shall be construed accordingly.

#### 13. Notices

All notices to holders of Notes will be valid if mailed to their registered addresses appearing on the Register. Any such notice shall be deemed to have been delivered on the third day after the day on which it was mailed.

Until such time as any Definitive Certificates are issued, there may, so long as any Global Certificates representing the Notes are held in their entirety on behalf of: (i) the Clearing Agent other than the CMU Service, notices to the holders of the Notes may be given by delivery of the relevant notice to that Clearing Agent for communication by it to the holders of the Notes or by delivery of the relevant notice to the holder of the Global Certificate or (ii) the CMU Service, notices to the holders of the Notes may be given by delivery of the relevant notice to that the persons shown in a CMU Instrument Position Report (as defined in the rules of the CMU Service) issued by the CMU Service on the second business day preceding the date of despatch of such notice as holding interests in the relevant Global Certificate. Any such notice shall be deemed to have been given to the holders of the Notes on the day after the day on which the said notice was given to the Clearing Agent.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relevant Note or Notes, with the Fiscal Agent or the Registrar, as the case may be. Whilst any of the Notes are represented by a Global Certificate, such notice may be given by any holder of a Note to the Fiscal Agent through the Clearing Agent or, in the case of Notes lodged with the CMU Service, by delivery by such holder of such notice to the CMU Lodging and Paying Agent in Hong Kong, as the case may be, in such manner as the Fiscal Agent, the Registrar, the Clearing Agent and/or the CMU Service, as the case may be, may approve for this purpose.

#### 14. Replacement of Notes

If any Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and other relevant authority regulations, at the specified office of the Registrar on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Notes subsequently presented for payment, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note) and otherwise as the Issuer may require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

# 15. Calculations and Determinations

Where any calculations or determinations are required in the Terms and Conditions to be made by the Issuer, the Issuer may delegate the performance of such determinations and/or calculations to a Calculation Agent on its behalf. In such event, the relevant references to the "Issuer" shall be construed as references to such Calculation Agent.

All calculations and determinations of the Issuer and the Calculation Agent in the Terms and Conditions shall be made in accordance with the terms of the relevant Asset Terms having regard in each case to the criteria stipulated therein (if any) and (where relevant) on the basis of information provided to or obtained by employees or officers of the Issuer or the Calculation Agent (as applicable) responsible for making the relevant calculation or determination.

All calculations and determinations made by the Issuer or the Calculation Agent shall be made in good faith and in a commercially reasonable manner. In the case of each determination under the Terms and Conditions, each of the Issuer and the Calculation Agent shall take into account the effect of such determination on the Notes and consider whether fair treatment is achieved by any such determination in accordance with its applicable regulatory obligations.

All calculations made by the Issuer or the Calculation Agent under the Terms and Conditions shall, in the absence of manifest error, be final, conclusive and binding on Noteholders.

Neither the Issuer nor the Calculation Agent shall have any responsibility for good faith errors or omissions in its calculations and determinations, whether caused by negligence or otherwise.

Neither the Issuer nor the Calculation Agent assumes any obligation or relationship of agency or trust or of a fiduciary nature for or with any Noteholder. Nothing in the Terms and Conditions shall exclude or restrict any duty or liability of any person under applicable laws and regulations.

#### 16. **Definitions**

References to "AUD" are to Australian dollars, references to "CAN" are to Canadian dollars, references to "EUR" and "€" are to euro, being the lawful single currency of the member states of the European Union that have adopted and continue to retain a common single currency through monetary union in accordance with European Union treaty law (as amended from time to time), references to "GBP" and "£" are to pounds sterling, references to "HK\$" and "HKD" are to Hong Kong dollars, references to "RMB" are to Renminbi, references to "JPY" and "¥" are to Japanese yen, references to "SGD" are to Singapore dollars, references to "CHF" and "Sfr" are to Swiss Francs and references to "USD" and "U.S.\$" are to United States dollars.

"Aggregate Nominal Amount" means the aggregate nominal amount of the Notes set out in the relevant Final Terms.

"Banking Day" means, in respect of any city, a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in such city.

"Business Centre" means each of the places so specified in the relevant Final Terms.

## "Business Day" means:

- (i) in the case of a currency other than euro or RMB, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency;
- (ii) in the case of euro, a TARGET Business Day;
- (iii) in the case of any sum payable in RMB or a day requiring conversion of any sum in RMB, a day (other than a Saturday or Sunday) on which commercial banks are generally open for business and settlement of RMB payments in Hong Kong and in each Business Centre specified in the applicable Final Terms; or
- (iv) subject to the above, in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

"Currency Business Day" means a day which is a Banking Day in the Financial Centre(s) if any (as specified in the relevant Final Terms) and on which (unless the Settlement Currency is euro) commercial banks and foreign exchange markets are generally open to settle payments in the city or cities determined by the Issuer to be the principal financial centre(s) for the Settlement Currency, and if the Settlement Currency is euro, which is also a TARGET Business Day.

"Day Count Fraction" means, in respect of the calculation of an amount of interest and/or premium on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period and/or a Premium Period, the "Calculation Period"):

(i) if "Actual/Actual" or "Actual/Actual – ISDA" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

- (ii) if "**Actual/365** (**Fixed**)" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if "Actual/360" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360;
- (iv) if "30/360", "360/360" or "Bond Basis" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

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

where:

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

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls:

" $\mathbf{M}_1$ " is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

" $\mathbf{M_2}$ " is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

" $D_1$ " is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case  $D_1$  will be 30; and

" $\mathbf{D_2}$ " is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and  $D_1$  is greater than 29, in which case  $D_2$  will be 30;

(v) if "30E/360" or "Eurobond Basis" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

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

where:

 $\mathbf{Y_1}$ " is the year, expressed as a number, in which the first day of the Calculation Period falls;

" $Y_2$ " is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

 ${}^{\text{"}}\mathbf{M_{1}}{}^{\text{"}}$  is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

" $M_2$ " is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

" $D_1$ " is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case  $D_1$  will be 30; and

" $\mathbf{D_2}$ " is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case  $\mathbf{D_2}$  will be 30;

(vi) if "30E/360 (ISDA)" is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

" $Y_2$ " is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

 ${}^{\text{"}}\mathbf{M}_{1}{}^{\text{"}}$  is the calendar month, expressed as a number, in which the first day of the Calculation Period falls:

" $\mathbf{M_2}$ " is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

" $\mathbf{D_1}$ " is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case  $D_1$  will be 30; and

" $\mathbf{D_2}$ " is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case  $\mathbf{D_2}$  will be 30;

- (vii) if "Actual/Actual–ICMA" is specified in the relevant Final Terms:
  - (A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Periods normally ending in any year; and
  - (B) if the Calculation Period is longer than one Determination Period, the sum of:
    - (I) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (aa) the number of days in such Determination Period and (bb) the number of Determination Periods normally ending in any year; and
    - (II) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (aa) the number of days in such Determination Period and (bb) the number of Determination Periods normally ending in any year;

where:

"**Determination Date**" means each date so specified in the relevant Final Terms or, if none is so specified, each Interest Payment Date and/or Premium Payment Date; and

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date.

"Early Payment Amount" means the fair market value of such Notes immediately prior to such redemption (which may be nil) taking into consideration all information which the Issuer deems relevant (including, without limitation, the circumstances that resulted in the events causing such redemption), less the cost to the Issuer and/or its affiliates of unwinding any related hedging arrangements in relation

to such Notes, including any taxes, all as determined by the Issuer in its discretion acting in good faith and in a commercially reasonable manner.

"Extraordinary Resolution" means a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority of at least 75 per cent. of the votes cast.

"**Financial Centre**" means, in respect of a currency, the principal financial centre(s) for such currency specified in the relevant Final Terms.

"Interest Amount" means the amount of interest payable in respect of a Note on an Interest Payment Date as specified in the relevant Final Terms or calculated under General Condition 4.

"Interest Commencement Date" means the Issue Date or such other date as may be specified in the relevant Final Terms.

"Interest Payment Date" means each date so specified in the relevant Final Terms, subject to adjustment in accordance with the Business Day Convention specified in the relevant Final Terms.

"Interest Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

"ISDA Definitions" means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.

"Issue Date" means the date so specified in the relevant Final Terms.

"Issue Price" means the amount so specified in the relevant Final Terms.

"Maturity Date" has the meaning given to it in the relevant Final Terms.

"Optional Redemption Amount" means the amount so specified in the relevant Final Terms, taking into consideration all information which the Issuer deems relevant (including, without limitation, the circumstances that resulted in the events causing such redemption), less the cost to the Issuer and/or its affiliates of unwinding ay related hedging arrangements in relation to such Notes, including any taxes, all as determined by the Issuer in its discretion acting in good faith and in a commercially reasonable manner.

"Optional Redemption Date" means the date so specified in the relevant Final Terms.

"**Premium Amount**" means the amount of any premium payable in respect of a Note on a Premium Payment Date as specified in the relevant Final Terms or calculated under General Condition 4.

"Premium Commencement Date" means the Issue Date or such other date as may be specified in the relevant Final Terms.

"Premium Payment Date" means each date so specified in the relevant Final Terms.

"Premium Period" means the period beginning on (and including) the Premium Commencement Date and ending on (but excluding) the first Premium Payment Date and each successive period beginning on (and including) a Premium Payment Date and ending on (but excluding) the next succeeding Premium Payment Date.

"Rate of Interest" means the rate of interest payable from time to time in respect of a Note as specified in the relevant Final Terms or calculated under General Condition 4.

"Rate of Premium" means the rate of premium payable from time to time in respect of a Note as specified in the relevant Final Terms.

"Redemption Amount" means, in respect of each Note, its nominal amount, unless otherwise specified in the relevant Final Terms.

"Register" means the register of the holders of the Notes maintained by the Registrar.

## "Regulatory Event" means that:

- (i) the Issuer or any of its affiliates has become subject to less favourable capital adequacy treatment with respect to the Notes when compared as of the Trade Date to any date thereafter until the Maturity Date;
- (ii) the Issuer or any of its or affiliates suffer or will suffer any increased costs in connection with the Notes, including of any costs associated with hedging the Notes or costs in maintaining any applicable capital reserves in respect of the Notes or has become regulated by any additional jurisdiction or regulatory authority or subject to any additional legal requirement or regulation considered by the Issuer to be materially onerous to it in connection with the Notes when compared as of the Trade Date to any date thereafter until the Maturity Date; or
- (iii) the Issuer would be materially restricted from performing any of its obligations under the Notes,

as a result of an enactment of or supplement or amendment to, or a change in law by a relevant governmental authority or change in policy or interpretation, implementation or application of any relevant laws or regulations by any governmental authority.

"RMB Disruption Event" means the occurrence of RMB Illiquidity, RMB Inconvertibility and/or RMB Non-transferability.

"RMB Illiquidity" means the general RMB exchange market in Hong Kong becomes illiquid as a result of which the Issuer cannot obtain sufficient RMB in order to satisfy its obligation to make a payment in respect of the Notes.

"RMB Inconvertibility" means the occurrence of any event that makes it impossible for the Issuer to convert into RMB any amount due in respect of the Notes into RMB on any Interest Payment Date, Maturity Date or other payment date in the general RMB exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any governmental authority (unless such law, rule or regulation is enacted after the Issue Date of the relevant series and it is impossible for the Issuer due to an event beyond its control, to comply with such law, rule or regulation);

"RMB Non-transferability" means the occurrence of any event that makes it impossible for the Issuer to deliver RMB between accounts inside Hong Kong or from an account inside Hong Kong to an account outside the PRC and Hong Kong (including where the RMB clearing and settlement system for participating banks in Hong Kong is disrupted or suspended), other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any governmental authority (unless such law, rule or regulation is enacted after the Issue Date of the relevant series and it is impossible for the Issuer due to an event beyond its control, to comply with such law, rule or regulation).

"RMB/USD Spot Rate" means the spot RMB/U.S.\$ exchange rate for the purchase of U.S. dollars with RMB as specified in the applicable Final Terms.

"Settlement Currency" means the currency in which a payment is to be made.

"TARGET Business Day" means a day on which the TARGET2 System or any successor thereto is operating, where "TARGET2 System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

"Tax Event" means the change in, or amendment to, the laws or regulations of a Tax Jurisdiction, or any change in application or official interpretation of such laws or regulations, which results in any present or future taxes, duties or governmental charges of any nature whatsoever being imposed on payments in respect of the Notes.

"**Tax Jurisdiction**" means Hong Kong and any political subdivision or any authority thereof or therein having power to tax.

"U.S. Dollar Equivalent" means, in respect of an amount in RMB, such RMB amount converted into U.S dollars using the RMB/USD Spot Rate for the relevant day which is two Business Days before the due date of such RMB amount under the Notes.

#### 17. Governing Law and Jurisdiction

The Notes are governed by, and shall be construed in accordance with, Hong Kong law.

The Issuer irrevocably agrees for the benefit of the Noteholders that the courts of Hong Kong are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes and accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as "**Proceedings**") may be brought in such courts.

The Issuer irrevocably and unconditionally waives and agrees not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of Hong Kong and any claim that any Proceedings have been brought in an inconvenient forum and irrevocably and unconditionally agrees that a judgment in any Proceedings brought in the courts of Hong Kong shall be conclusive and binding upon the Issuer and may be enforced in the courts of any other jurisdiction. Nothing in this General Condition 17 shall limit any right to take Proceedings against the Issuer or in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

The Issuer appoints the Note Guarantor as its agent for service of process in Hong Kong in respect of any Proceedings against the Issuer.

# ASSET TERMS AND CONDITIONS

## ASSET TERMS AND CONDITIONS FOR EQUITY-LINKED NOTES

**Application**: the following terms shall apply to Notes if stated in the relevant Final Terms to be "Equity-linked". In the event of any inconsistency between the General Conditions, these Asset Terms (if applicable) and the relevant Final Terms, the prevailing terms will be determined in accordance with the following order of priority (where (a) prevails over the other terms):

- (a) the relevant Final Terms;
- (b) these Asset Terms (if applicable); and
- (c) the General Conditions.

#### 1. Definitions

"Additional Disruption Event" means a Change in Law, an FX Disruption, Failure to Deliver due to Illiquidity, an Insolvency Filing, a Hedging Disruption, an Increased Cost of Hedging, a Loss of Stock Borrow and/or an Increased Cost of Stock Borrow, as specified to be applicable in the relevant Final Terms.

"Announcement Date" means, in respect of (a) a Merger Event, the date of the first public announcement of a firm intention to engage in a transaction (whether or not subsequently amended) that leads to the Merger Event, (b) a Tender Offer, the date of the first public announcement of a firm intention to purchase or otherwise obtain the requisite number of voting shares (whether or not subsequently amended) that leads to the Tender Offer, (c) a Nationalisation, the date of the first public announcement to nationalise (whether or not subsequently amended) that leads to the Nationalisation, (d) 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, and (e) a Delisting, the date of the first public announcement by the Exchange that the Shares will cease to be listed, traded or publicly quoted in the manner described in the definition of Delisting. In respect of any Extraordinary Event, if the announcement of such Extraordinary Event is made after the actual closing time for the regular trading session on the relevant Exchange, without regard to any after hours or any other trading outside of such regular trading session hours, the Announcement Date shall be deemed to be the next following Scheduled Trading Day.

## "Averaging Date" means:

- (a) in respect of Notes relating to a single Share, subject as provided in Asset Term 2, each date so specified in the relevant Final Terms, or if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day; or
- (b) in respect of Notes relating to a Share Basket where:
  - (A) "Whole Basket Postponement" is specified to be applicable to "Averaging Dates" in the relevant Final Terms, subject as provided in Asset Term 2, each date so specified in the relevant Final Terms, or if such date is not a Scheduled Trading Day for any Share in the Share Basket, the next following Scheduled Trading Day for all Shares in the Share Basket; or
  - (B) "Affected Postponement Only" is specified to be applicable to "Averaging Dates" in the relevant Final Terms, subject as provided in Asset Term 2, each date so specified in the relevant Final Terms in respect of a Share in such Share Basket, or if such date is not a Scheduled Trading Day for such Share, the next following Scheduled Trading Day for such Share.

"Cash Settlement" means, if so specified in the relevant Final Terms, the payment of the Instalment Amount or Redemption Amount pursuant to Asset Term 5.

"Cash Settlement Option Notice" means a notice from the Issuer to the relevant Noteholder confirming that the option for Cash Settlement is exercised by the Issuer pursuant to Asset Term 5(b).

"Change in Law" means that, on or after the Trade Date of the relevant Notes, due to the adoption of or any change in any applicable law (including, without limitation, any tax law), rule, regulation or order, any regulatory or tax authority ruling, regulation or order or any regulation, rule or procedure of any exchange (an "Applicable Regulation"), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that (A) it has or will become illegal or contrary to any Applicable Regulation for it, any of its affiliates or any entities which are relevant to the Hedging Arrangements to hold, acquire or dispose of Hedge Positions relating to such Notes, or (B) it will incur a materially increased cost in performing its obligations with respect to such Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position) or any requirements in relation to reserves, special deposits, insurance assessments or other requirements.

"Common Valid Date" means, in respect of a Share Basket, a Scheduled Trading Day for each Share in such Share Basket that is not a Disrupted Day for any Share in such Share Basket and on which another Averaging Date does not occur or is not deemed to occur.

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

"**Delivery Day**" means a day on which Shares comprised in the Share Amount(s) may be delivered to Noteholders in the manner which the Issuer has determined to be appropriate.

"Delivery Notice" means a notice as referred to in Asset Term 6(b).

"Disruption Cash Settlement Price" means in respect of each Note, an amount in the Settlement Currency equal to the fair market value of the undelivered portion of the Share Amount (taking into account, where the Settlement Disruption Event affected some but not all of the Shares comprising the Share Amount and such non-affected Shares have been duly delivered, the value of such Shares), less the cost to the Issuer and/or its affiliates of unwinding any underlying related hedging arrangements, including any taxes, all as determined by the Issuer.

"Disrupted Day" means, in respect of a Share, any Scheduled Trading Day on which (a) the Exchange fails to open for trading during its regular trading session, (b) any Related Exchange fails to open for trading during its regular trading session, or (c) a Market Disruption Event has occurred.

"Early Closure" means, in respect of a Share, the closure on any Exchange Business Day of any relevant Exchange or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange or Related Exchange at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on such Exchange or Related Exchange on such Exchange Business Day, and (b) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

"Exchange" means, in respect of a Share, the exchange or quotation system so specified in the relevant Final Terms or such other exchange or quotation system on which such Share is, in the determination of the Issuer, traded or quoted as the Issuer may (acting in good faith and in a commercially reasonable manner) select and notify to Noteholders in accordance with General Condition 13 or (in any such case) any transferee or successor exchange.

"Exchange Business Day" means, in respect of a Share, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

"Exchange Disruption" means, in respect of a Share, any event (other than an Early Closure) that disrupts or impairs (as determined by the Issuer) the ability of market participants in general (a) to effect

transactions in, or obtain market values for, such Share on the Exchange, or (b) to effect transactions in, or obtain market values for, futures or options relating to such Share on any relevant Related Exchange.

"Exchange Rate" means, where the Reference Currency is different from the Settlement Currency, the rate specified as such in the Final Terms.

"Extraordinary Dividend" means, in respect of a Share, any dividend or portion thereof which is determined by the Issuer to be an Extraordinary Dividend.

"Extraordinary Event" means, in respect of a Share, a Merger Event, a Tender Offer, a Nationalisation, a Delisting or an Insolvency.

"Failure to Deliver Cash Settlement Price" means in respect of each Note, an amount in the Settlement Currency equal to the fair market value of the undelivered portion of the Share Amount (taking into account, where the Failure to Deliver due to Illiquidity affects some but not all of the Shares comprising the Share Amount and such non-affected Shares have been duly delivered, the value of such Shares), less the cost to the Issuer and/or its affiliates of unwinding any underlying related hedging arrangements, including any taxes, all as determined by the Issuer.

"Failure to Deliver due to Illiquidity" means, in the case where the relevant Final Terms provides that "Physical Settlement" is applicable, a failure to deliver, when due, the Share Amount due to illiquidity in the market for all or such Share Amount.

"Final Share Price" has the meaning provided in the relevant Final Terms, subject to Asset Term 2.

"Fractional Cash Amount" means, in respect of each Note, unless otherwise provided in the relevant Final Terms, the amount in the Settlement Currency (rounded to the nearest smallest transferable unit of such currency, half such a unit being rounded upwards) calculated by the Issuer in accordance with the following formula:

Final Share Price x Fractional Share Amount (converted into the Settlement Currency at the Exchange Rate)

"Fractional Share Amount" means, unless otherwise provided in the relevant Final Terms:

- (a) in the case where single Shares are determined to be delivered, any fractional interest in such Shares forming part of the Ratio that is less than an integral number of such Shares, or
- (b) in the case where the Share Basket is determined to be delivered, any interest in the Share Basket forming part of the Ratio that is less than the integral number of Share Basket and such integral number of Share Basket consists of any fractional interest in any single Shares that is less than the integral number of such Shares.

"**FX Disruption**" means the occurrence of any event after the Trade Date of the relevant Notes that makes the Issuer and/or its affiliates unable, after using commercially reasonable efforts, to:

- (a) transfer through customary legal channels any amount denominated in a Relevant Currency required for the acquisition, establishment, re-establishment, substitution, maintenance, unwind or disposal of all or part of an FX Disruption Hedge from accounts (i) within the Local Jurisdiction to (A) accounts outside such Local Jurisdiction, (B) other accounts within such Local Jurisdiction, or (C) the accounts of a non-resident of such Local Jurisdiction, or (ii) outside the Local Jurisdiction to accounts within such Local Jurisdiction;
- (b) convert through customary legal channels any amount denominated in a Relevant Currency required for the acquisition, establishment, re-establishment, substitution, maintenance, unwind or disposal of all or part of an FX Disruption Hedge into any other Relevant Currency, where such conversion is at a rate at least as favourable as the rate for domestic institutions located in the Local Jurisdiction; or

(c) obtain a rate or a commercially reasonable rate (as determined by the Issuer), in each case, at which any amount denominated in a Relevant Currency required for the acquisition, establishment, re-establishment, substitution, maintenance, unwind or disposal of all or part of an FX Disruption Hedge can be exchanged for any other Relevant Currency.

"FX Disruption Hedge" means, in respect of the Issuer and/or its affiliates, any transaction(s) or asset(s) that the Issuer and/or its affiliates deems necessary to hedge the equity price risk (or any other relevant price risk including, but not limited to, the foreign exchange or currency risk) of entering into and performing its obligations with respect to the Notes.

"Hedge Positions" means any purchase, sale, entry into or maintenance of one or more (a) positions or contracts in securities, options, futures, derivatives or foreign exchange, (b) stock loan transactions, or (c) other instruments or arrangements (howsoever described) by the Issuer and/or its affiliates in order to hedge, individually or on a portfolio basis, the risk of entering into and performing its obligations with respect to the Notes.

"Hedge Proceeds" means the cash amount in the Settlement Currency and/or U.S. dollars and/or euro and/or any other freely transferrable currency (as solely determined by the Issuer) constituting the proceeds received or to be received by the Issuer and/or its affiliates in respect of any Hedging Arrangements; for the avoidance of doubt, Hedge Proceeds shall not be less than zero.

"Hedging Arrangements" means any hedging arrangements entered into by the Issuer (and/or its affiliates) at any time with respect to the Notes, including without limitation the purchase and/or sale of any securities, any options or futures on such securities, any depositary receipts in respect of such securities and any associated foreign exchange transactions.

"Hedging Disruption" means that the Issuer and/or its affiliates is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price or any other relevant risk of the Issuer entering into and performing its obligations with respect to the Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

"Hedging Shares" means the number of Shares that the Issuer (and/or its affiliates) deems it necessary to hedge the equity price risk of entering into and performing its obligations with respect to the Notes.

"Increased Cost of Hedging" means that the Issuer and/or its affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date of the relevant Notes) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk of the Issuer entering into and performing its obligations with respect to the Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

"Increased Cost of Stock Borrow" means that the Issuer and/or its affiliates would incur a rate to borrow Shares with respect to the Notes that is greater than the Initial Stock Loan Rate.

"Initial Stock Loan Rate" means the stock loan rate so specified in the relevant Final Terms.

"Insolvency" means, by reason of the voluntary or involuntary liquidation, winding-up, dissolution, bankruptcy or insolvency or analogous proceedings affecting a Share Issuer (a) all the Shares of such Share Issuer are required to be transferred to any trustee, liquidator or other similar official, or (b) holders of the Shares of such Share Issuer become legally prohibited from transferring them.

"Insolvency Filing" means, in respect of a Share, that the Issuer determines that the relevant Share Issuer has instituted, or has had instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that

proceedings instituted or petitions presented by creditors and not consented to by the relevant Share Issuer shall not be an Insolvency Filing.

"Jurisdictional Event" means, in respect of any Shares (a) any event which occurs, whether of general application or otherwise and which occurs as a result of present or future risks in or connected with the Jurisdictional Event Jurisdiction including, but not limited to, risks associated with fraud and/or corruption, political risk, legal uncertainty, imposition of foreign exchange controls, changes in laws or regulations and changes in the interpretation and/or enforcement of laws and regulations (including without limitation those relating to taxation) and other legal and/or sovereign risks, or (b) the Issuer (acting in good faith and in a commercially reasonable manner) determines that it and/or any affiliate is not able to buy and/or sell such Shares with or for a currency acceptable to the Issuer on the relevant Exchange or the relevant Exchange fails to calculate and publish the equivalent, in a currency acceptable to the Issuer, of the Share Price of such Shares on a day on which the Issuer determines that such calculation and publication was otherwise expected to be made and in the case of (a) and (b) which has or may have (as determined in the discretion of the Issuer, acting in good faith and in a commercially reasonable manner) the effect of reducing or eliminating the value of the Hedge Proceeds at any time.

"Jurisdictional Event Jurisdiction" means each country so specified in the relevant Final Terms.

"Local Jurisdiction" means, in respect of a Share, the jurisdiction in which the Exchange for such Share is located.

"Loss of Stock Borrow" means that the Issuer and/or any of its affiliates is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) Shares with respect to the Notes in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

"Market Disruption Event" means, in respect of a Share, the occurrence or existence on any Scheduled Trading Day of a Trading Disruption or an Exchange Disruption which in either case the Issuer determines is material, at any time during the one hour period that ends at the relevant Valuation Time or an Early Closure.

"Maximum Stock Loan Rate" means the stock loan rate so specified in the relevant Final Terms.

"Merger Event" means, in respect of any Shares, any (a) reclassification or change of the Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding, to another entity or person, (b) consolidation, amalgamation, merger or binding share exchange of the relevant Share Issuer with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which the relevant Share Issuer is the continuing entity and which does not result in reclassification or change of all of such Shares outstanding), (c) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the relevant Share Issuer that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (d) consolidation, amalgamation, merger or binding share exchange of the relevant Share Issuer or its subsidiaries with or into another entity in which such Shares lssuer is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event.

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

"Observation Date" means each date so specified in the relevant Final Terms, provided that if "Observation Date subject to Averaging Date or Valuation Date adjustment" is specified to be applicable in respect of such date in the relevant Final Terms, then the provisions of Asset Term 2 shall apply to such date as if it were an Averaging Date or a Valuation Date, as the case may be.

"**Observation Period**" means the period so specified in the relevant Final Terms.

"**Physical Settlement**" means, if so specified in the relevant Final Terms, the delivery of the relevant Share Amount pursuant to Asset Term 6.

"Potential Adjustment Event" means with respect to any Share Issuer, any of the following:

- a subdivision, consolidation or reclassification of relevant Shares (unless resulting in a Merger Event), or a free distribution or dividend of any Shares to existing holders by way of bonus, capitalisation or similar issue;
- (b) a distribution, issue or dividend to existing holders of the relevant Shares of (i) such Shares, or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of such Share Issuer equally or proportionately with such payments to holders of such Shares, or (iii) share capital or other securities of another issuer acquired or owned (directly or indirectly) by such Share Issuer as a result of a spin-off or other similar transaction, or (iv) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Issuer;
- (c) the declaration or payment of an Extraordinary Dividend;
- (d) a call by it in respect of Shares that are not fully paid;
- (e) a repurchase by it or any of its subsidiaries of its Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (f) an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of the Share Issuer pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Issuer, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (g) any other event that may have a diluting or concentrating effect on the theoretical value of the relevant Shares.

"Presentation Date" means the latest date prior to the Maturity Date by which the Issuer determines that a Delivery Notice must have been delivered by the Noteholder in order for the Issuer, in accordance with its administrative practices, to deliver the relevant Share Amounts on the Share Delivery Date.

"Presentation Date Notice Period" means the period so specified in the relevant Final Terms.

"Ratio" means, in respect of each nominal amount of the Notes equal to the Specified Denomination, subject to these Asset Terms and unless otherwise provided in the relevant Final Terms, the number of Shares or Share Basket (as the case may be) so specified in the relevant Final Terms, or if the number of Shares or Share Basket (as the case may be) is not so specified, the number of Shares or Share Basket calculated by the Issuer in accordance with the following formulae:

Specified Denomination ÷ Strike Price (converted into the Settlement Currency at the Exchange Rate)

"Reference Currency" means, in respect of a Share, the currency in which such Share is denominated, as specified in the Final Terms.

"Related Exchange(s)" means, in respect of a Share, each exchange or quotation system so specified in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Share has temporarily relocated (provided that the Issuer has determined that there is comparable liquidity relative to the futures or options contracts relating to such Share on such temporary substitute exchange or

quotation system as on the original Related Exchange), provided, however, that where "All Exchanges" is specified as the Related Exchange in the relevant Final Terms, "**Related Exchange**" shall mean each exchange or quotation system where trading has a material effect (as determined by the Issuer) on the overall market for futures or options contracts relating to such Share.

"Relevant Currency" means any of the Settlement Currency or the Reference Currency.

"Scheduled Averaging Date" means an original date that, but for such day being a Disrupted Day, would have been an Averaging Date.

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

"Scheduled Trading Day" means, in respect of a Share, any day on which each Exchange and each Related Exchange for such Share are scheduled to be open for trading for their respective regular trading sessions.

"Scheduled Valuation Date" means an original date that, but for such day being a Disrupted Day, would have been a Valuation Date.

"Settlement Disruption Event" means an event determined by the Issuer to be beyond the control of the Issuer as a result of which the Issuer cannot transfer (or it would be contrary to applicable laws or regulations for the Issuer to transfer) Shares comprised in the Share Amount(s) in accordance with Asset Term 7(b).

"Share" means, subject to Asset Term 2, each share specified in the relevant Final Terms.

"Share Amount" means, subject as provided in Asset Term 7 and unless otherwise provided in the relevant Final Terms, in respect of each Note, the number of Shares or Share Basket (as the case may be) equal to the Ratio rounded down to the nearest integral number of Shares or Share Basket (as the case may be). For the avoidance of doubt, the Share Amount will be calculated on the basis of each Note and fractional Shares in respect of more than one Note will not be aggregated before rounding down to the nearest integral number of Shares.

"Share Basket" means a basket composed of Shares in the relative proportions or numbers of Shares.

"Share Delivery Date" means, in respect of a Share, subject as provided in Asset Term 7(b) and unless otherwise provided in the relevant Final Terms, the Maturity Date or, if such day is not a Delivery Day, the first succeeding Delivery Day.

"Share Issuer" is, subject to Asset Term 2, as specified in the relevant Final Terms.

"Share Price" means on any relevant day, subject as provided in Asset Term 2, the price of the relevant Share quoted on the relevant Exchange as determined by the Issuer as at the Valuation Time on such day.

"Share Return" means, in respect of each Note, an amount equal to the Final Share Price divided by the Strike Price.

#### "Strike Price" means:

- (a) in respect of a single Share or a Share in the Share Basket, the price of such Share; or
- (b) in respect of a Share Basket, the price of such Share Basket,

as specified in the relevant Final Terms.

"Tender Offer" means, in respect of any Shares, a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, more than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the relevant Share Issuer, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems in its determination relevant.

"Trade Date" means the date so specified in the relevant Final Terms.

"Trading Disruption" means, in respect of a Share, any suspension of or limitation imposed on trading (a) by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise, or (b) in futures or options contracts relating to the Share.

"Valid Date" means, in respect of a Share, a Scheduled Trading Day for such Share that is not a Disrupted Day for such Share and on which another Averaging Date does not occur or is not deemed to occur.

#### "Valuation Date" means:

- (a) in respect of Notes relating to a single Share, subject as provided in Asset Term 2, the date(s) so specified in the relevant Final Terms, or if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day; or
- (b) in respect of Notes relating to a Share Basket where:
  - (i) "Whole Basket Postponement" is specified to be applicable to "Valuation Date(s)" in the relevant Final Terms, subject as provided in Asset Term 2, the date(s) so specified in the relevant Final Terms, or if such date is not a Scheduled Trading Day for any Share in the Share Basket, the next following Scheduled Trading Day for all Shares in the Share Basket; or
  - (ii) "Affected Postponement Only" is specified to be applicable to "Valuation Date(s)" in the relevant Final Terms, subject as provided in Asset Term 2, the date(s) so specified in the relevant Final Terms in respect of a Share in such Share Basket, or if such date is not a Scheduled Trading Day for such Share, the next following Scheduled Trading Day for such Share.

"Valuation Time" means, in respect of a Share, the time so specified in the relevant Final Terms or, if no such time is specified the Scheduled Closing Time on the relevant Exchange in relation to that Share. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

"Weighting" means in respect of each Share in the Share Basket, a percentage number specified as such in the relevant Final Terms.

"Worst Performing Share" means the Share with the lowest Share Return, provided that if two or more Shares have the same lowest Share Return, then the Issuer shall determine, in its discretion, which Share shall be the Worst Performing Share and such Share shall be deemed to be the Worst Performing Share.

#### 2. Disrupted Days and Other Adjustments

## 2.1 Consequences of Disrupted Days

#### (a) Single Share and Valuation Date(s)

Where the Notes relate to a single Share, unless otherwise specified in the relevant Final Terms, if the Issuer determines that any Valuation Date is a Disrupted Day, then the Valuation Date shall be the first succeeding Scheduled Trading Day that the Issuer determines is not a Disrupted Day, unless the Issuer

determines that each of the eight consecutive Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case:

- (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and
- (ii) the Issuer shall determine its good faith estimate of the value for the Share as of the Valuation Time on that eighth Scheduled Trading Day, and such determination by the Issuer pursuant to this paragraph (ii) shall be deemed to be the Share Price in respect of the Valuation Date.

## (b) Single Share and Averaging Dates

Where the Notes relate to a single Share, unless otherwise specified in the relevant Final Terms, if the Issuer determines that any Averaging Date is a Disrupted Day and, in the relevant Final Terms, the consequence specified for such Averaging Date is:

- (i) "Omission", then such Averaging Date will be deemed not to be a relevant Averaging Date, provided that, if through the operation of this provision there would be no Averaging Dates then the sole Averaging Date shall be the first succeeding Scheduled Trading Day following the final Scheduled Averaging Date that the Issuer determines is not a Disrupted Day, unless the Issuer determines that each of the eight consecutive Scheduled Trading Days immediately following such final Scheduled Averaging Date is a Disrupted Day. In that case:
  - (A) that eighth Scheduled Trading Day shall be deemed to be the sole Averaging Date, notwithstanding the fact that such day is a Disrupted Day; and
  - (B) the Issuer shall determine its good faith estimate of the value for the Share as of the Valuation Time on that eighth Scheduled Trading Day, and such determination by the Issuer pursuant to this paragraph (b) shall be deemed to be the Share Price in respect of the sole Averaging Date;
- (ii) "Postponement", then the relevant Averaging Date shall be the first succeeding Scheduled Trading Day following such Scheduled Averaging Date that the Issuer determines is not a Disrupted Day (irrespective of whether that deferred Averaging Date is already or is deemed to be another Averaging Date), unless the Issuer determines that each of the eight consecutive Scheduled Trading Days immediately following such Scheduled Averaging Date is a Disrupted Day. In that case:
  - (A) that eighth Scheduled Trading Day shall be deemed to be the relevant Averaging Date (irrespective of whether such day is already or is deemed to be another Averaging Date or is a Disrupted Day); and
  - (B) the Issuer shall determine its good faith estimate of the value for the Share as of the Valuation Time on that eighth Scheduled Trading Day, and such determination by the Issuer pursuant to this paragraph (b) shall be deemed to be the Share Price in respect of the relevant Averaging Date; or
- (iii) "Modified Postponement", then the relevant Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the final Scheduled Averaging Date, then:
  - (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether such day is already or is deemed to be another Averaging Date or is a Disrupted Day); and
  - (B) the Issuer shall determine its good faith estimate of the value for the Share as of the Valuation Time on that eighth Scheduled Trading Day, and such determination by the Issuer pursuant to this paragraph (b) shall be deemed to be the Share Price in respect of the relevant Averaging Date.

If the Issuer determines that any Averaging Date is a Disrupted Day and, if in the relevant Final Terms no consequence is specified in respect of such Averaging Date, then it shall be deemed that the consequence specified in "Modified Postponement" will apply.

# (c) Share Basket and Valuation Date(s) – Affected Postponement Only

Where the Notes relate to a Share Basket and unless otherwise specified in the relevant Final Terms, if the relevant Final Terms specifies that "Share Basket and Valuation Date(s) – Affected Postponement Only " applies to the Share Basket and any Valuation Date, then if the Issuer determines that any Valuation Date is a Disrupted Day for any Share in the Share Basket, then such Valuation Date for each Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and such Valuation Date for each Share affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day for such Share that the Issuer determines is not a Disrupted Day relating to such Share (irrespective of whether that deferred Valuation Date is already or is deemed to be another Valuation Date for such Share or another Share), unless the Issuer determines that each of the eight consecutive Scheduled Trading Days for such Share immediately following such Scheduled Valuation Date is a Disrupted Day relating to that Share. In that case:

- (i) that eighth Scheduled Trading Day for such Share shall be deemed to be the Valuation Date for such Share (irrespective of whether that such day is already or is deemed to be another Valuation Date for such Share or another Share, notwithstanding the fact that such day is a Disrupted Day for such Share; and
- (ii) the Issuer shall determine its good faith estimate of the value for such Share as of the Valuation Time on that eighth Scheduled Trading Day for such Share, and such determination by the Issuer pursuant to this paragraph (ii) shall be deemed to be the Share Price in respect of the Valuation Date for such Share.

## (d) Share Basket and Valuation Date(s) – Whole Basket Postponement

Where the Notes relate to a Share Basket and unless otherwise specified in the relevant Final Terms, if the relevant Final Terms specifies that "Share Basket and Valuation Date(s) – Whole Basket Postponement" applies to the Share Basket and any Valuation Date, then if the Issuer determines that any Valuation Date is a Disrupted Day for any Share in the Share Basket, then such Valuation Date for each Share in the Share Basket shall be the first succeeding Scheduled Trading Day for each Share in the Share Basket which the Issuer determines is not a Disrupted Day for any Share in the Share Basket, unless the Issuer determines that each of the eight consecutive Scheduled Trading Days for each Share in the Share Basket immediately following such Scheduled Valuation Date is a Disrupted Day for any Share in the Share Basket. In that case:

- (i) that eighth Scheduled Trading Day for each Share in the Share Basket shall be deemed to be the Valuation Date for each Share, notwithstanding the fact that such day is a Disrupted Day for one or more Shares in the Share Basket (each such Share being an "Affected Basket Share" for such Valuation Date);
- (ii) for each Share in the Share Basket other than an Affected Basket Share, the relevant Share Price shall be determined by reference to the relevant screen pages by the Issuer at the applicable Valuation Time on that eighth Scheduled Trading Day for each Share in the Share Basket; and
- (iii) for each Affected Basket Share, the Issuer shall determine its good faith estimate of the value for such Affected Basket Share as of the Valuation Time on that eighth Scheduled Trading Day, and such determination by the Issuer pursuant to this paragraph (iii) shall be deemed to be the Share Price in respect of the Valuation Date for such Affected Basket Share.

## (e) Share Basket and Averaging Dates - Affected Postponement Only

Where the Notes relate to a Share Basket and unless otherwise specified in the relevant Final Terms, if the relevant Final Terms specifies that "Share Basket and Averaging Dates – Affected Postponement Only" applies to the Share Basket and any Averaging Date and if the Issuer determines that any

Averaging Date is a Disrupted Day in respect of any Share in the Share Basket and if, in the relevant Final Terms, the consequence specified is:

- (i) "Omission", then such Averaging Date will be deemed not to be a relevant Averaging Date for each Share in the Share Basket, provided that, if through the operation of this provision there would be no Averaging Dates, then:
  - (A) for each Share in the Share Basket for which the Issuer determines that the final Scheduled Averaging Date is not a Disrupted Day, the sole Averaging Date for such Share shall be the final Scheduled Averaging Date; and
  - (B) for each Share in the Share Basket for which the Issuer determines that the final Scheduled Averaging Date is a Disrupted Day, then the sole Averaging Date for such Share shall be the first succeeding Scheduled Trading Day for such Share following the final Scheduled Averaging Date that the Issuer determines is not a Disrupted Day relating to such Share, unless the Issuer determines that each of the eight consecutive Scheduled Trading Days for such Share immediately following the final Scheduled Averaging Date is a Disrupted Day relating to that Share. In that case:
    - (I) that eighth Scheduled Trading Day for such Share shall be deemed to be the sole Averaging Date for such Share, notwithstanding the fact that such day is a Disrupted Day for such Share; and
    - (II) the Issuer shall determine its good faith estimate of the value for such Share as of the Valuation Time on that eighth Scheduled Trading Day for such Share, and such determination by the Issuer pursuant to this paragraph (II) shall be deemed to be the Share Price in respect of the sole Averaging Date for such Share;
- (ii) "Postponement", then for each Share in the Share Basket for which the Issuer determines that such Averaging Date is a Disrupted Day, the Averaging Date for such Share shall be the first succeeding Scheduled Trading Day for such Share that the Issuer determines is not a Disrupted Day relating to that Share (irrespective of whether that deferred Averaging Date is already or is deemed to be another Averaging Date for such Share), unless the Issuer determines that each of the eight consecutive Scheduled Trading Days for such Share immediately following such Scheduled Averaging Date is a Disrupted Day relating to such Share. In that case:
  - (A) the eighth Scheduled Trading Day for such Share shall be deemed to be the Averaging Date for such Share (irrespective of whether that eighth Scheduled Trading Day for such Share is already or is deemed to be another Averaging Date or is a Disrupted Day for such Share); and
  - (B) the Issuer shall determine its good faith estimate of the value for such Share as of the Valuation Time on that eighth Scheduled Trading Day for such Share, and such determination by the Issuer pursuant to this paragraph (b) shall be deemed to be the Share Price in respect of the relevant Averaging Date for such Share; or
- (iii) "Modified Postponement", then for each Share in the Share Basket for which the Issuer determines that such Scheduled Averaging Date is a Disrupted Day, the Averaging Date for such Share shall be the first succeeding Valid Date relating to that Share. If the first succeeding Valid Date has not occurred as of the relevant Valuation Time on the eighth Scheduled Trading Day for such Share immediately following the final Scheduled Averaging Date, then:
  - (A) that eighth Scheduled Trading Day for such Share shall be deemed to be the Averaging Date for such Share (irrespective of whether that eighth Scheduled Trading Day for such Share is already or is deemed to be another Averaging Date or is a Disrupted Day for such Share); and
  - (B) the Issuer shall determine its good faith estimate of the value for such Share as of the Valuation Time on that eighth Scheduled Trading Day for such Share, and such

determination by the Issuer pursuant to this paragraph (b) shall be deemed to be the Share Price in respect of the relevant Averaging Date for such Share.

If the Issuer determines that any Averaging Date is a Disrupted Day for any Share in the Share Basket and, if in the relevant Final Terms no consequence is specified in respect of such Averaging Date, then it shall be deemed that the consequence specified in "Modified Postponement" will apply.

### (f) Share Basket and Averaging Dates – Whole Basket Postponement

Where the Notes relate to a Share Basket and unless otherwise specified in the relevant Final Terms, if the relevant Final Terms specifies that "Share Basket and Averaging Dates – Whole Basket Postponement" applies to the Share Basket and an Averaging Date, then if the Issuer determines that any Averaging Date is a Disrupted Day in respect of any Share in the Share Basket and if, in the relevant Final Terms, the consequence specified is:

- (i) "Omission", then such Averaging Date will be deemed not to be a relevant Averaging Date for each Share in the Share Basket, provided that, if through the operation of this provision there would be no Averaging Dates, then the sole Averaging Date for each Share in the Share Basket shall be the first succeeding Scheduled Trading Day for each Share in the Share Basket following the final Scheduled Averaging Date that the Issuer determines is not a Disrupted Day for any Share in the Share Basket, unless the Issuer determines that each of the eight consecutive Scheduled Trading Days for each Share in the Share Basket immediately following the final Scheduled Averaging Date is a Disrupted Day relating to one or more Shares in the Share Basket. In that case:
  - (A) that eighth Scheduled Trading Day for each Share in the Share Basket shall be deemed to be the sole Averaging Date for each Share in the Share Basket, notwithstanding the fact that such day is a Disrupted Day for one or more Shares in the Share Basket (each such Share being an "Affected Basket Share" for such sole Averaging Date);
  - (B) for each Share in the Share Basket other than an Affected Basket Share, the relevant Share Price shall be determined by reference to the relevant screen pages by the Issuer at the applicable Valuation Time on that eighth Scheduled Trading Day for each Share in the Share Basket: and
  - (C) for each Affected Basket Share, the Issuer shall determine its good faith estimate of the value for such Affected Basket Share as of the Valuation Time on that eighth Scheduled Trading Day for each Share in the Share Basket, and such determination by the Issuer pursuant to this paragraph (c) shall be deemed to be the Share Price in respect of the sole Averaging Date for such Affected Basket Share;
- (ii) "Postponement", then the Averaging Date for each Share in the Share Basket shall be the first succeeding Scheduled Trading Day for each Share in the Share Basket which the Issuer determines is not a Disrupted Day for any Share in the Share Basket (irrespective of whether that deferred Averaging Date is already or is deemed to be another Averaging Date), unless the Issuer determines that each of the eight consecutive Scheduled Trading Days for each Share in the Share Basket immediately following such Scheduled Averaging Date is a Disrupted Day relating to one or more Shares in the Share Basket. In that case:
  - (A) that eighth Scheduled Trading Day for each Share in the Share Basket shall be deemed to be the Averaging Date for each Share in the Share Basket, notwithstanding the fact that such day is a Disrupted Day for one or more Shares in the Share Basket (each such Share being an "Affected Basket Share" for such Averaging Date);
  - (B) for each Share in the Share Basket other than an Affected Basket Share, the relevant Share Price shall be determined by reference to the relevant screen pages by the Issuer at the applicable Valuation Time on that eighth Scheduled Trading Day for each Share in the Share Basket; and

- (C) for each Affected Basket Share, the Issuer shall determine its good faith estimate of the value for such Affected Basket Share as of the Valuation Time on that eighth Scheduled Trading Day for each Share in the Share Basket, and such determination by the Issuer pursuant to this paragraph (c) shall be deemed to be the Share Price in respect of the relevant Averaging Date for such Affected Basket Share; or
- (iii) "Modified Postponement", then the Averaging Date for each Share in the Share Basket shall be the first succeeding Common Valid Date. If the first succeeding Common Valid Date has not occurred as of the relevant Valuation Time on the eighth Scheduled Trading Day for each Share in the Share Basket immediately following the final Scheduled Averaging Date, then:
  - (A) that eighth Scheduled Trading Day for each Share in the Share Basket shall be deemed to be the Averaging Date for each Share in the Share Basket, notwithstanding the fact that such day is a Disrupted Day for one or more Shares in the Share Basket (each such Share being an "Affected Basket Share" for such Averaging Date);
  - (B) for each Share in the Share Basket other than an Affected Basket Share, the relevant Share Price shall be determined by reference to the relevant screen pages by the Issuer at the applicable Valuation Time on that eighth Scheduled Trading Day for each Share in the Share Basket; and
  - (C) for each Affected Basket Share, the Issuer shall determine its good faith estimate of the value for such Affected Basket Share as of the Valuation Time on that eighth Scheduled Trading Day, and such determination by the Issuer pursuant to this paragraph (c) shall be deemed to be the Share Price in respect of the relevant Averaging Date for such Affected Basket Share.

If the Issuer determines that any Averaging Date is a Disrupted Day for any Share in the Share Basket and, if in the relevant Final Terms no consequence is specified in respect of such Averaging Date, then it shall be deemed that the consequence specified in "Modified Postponement" will apply.

## 2.2 Consequences of Potential Adjustment Events

- (a) If the Issuer determines that a Potential Adjustment Event has occurred in respect of a Share, the Issuer will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Shares and, if so, the Issuer will (i) make the corresponding adjustment(s), if any, to one or more of any variable relevant to the exercise, settlement, payment or other terms of the Notes as the Issuer determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends, stock loan rate or liquidity relative to the relevant Share), and (ii) determine the effective date(s) of the adjustment(s). The Issuer may (but need not) determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of such Potential Adjustment Event made by an options exchange to options on the relevant Shares traded on such options exchange.
- (b) Upon making any such adjustment, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with General Condition 13 stating the adjustment to any amount payable under the Notes and/or any of the other relevant terms and giving brief details of the Potential Adjustment Event, provided that any failure to give such notice shall not affect the validity of the Potential Adjustment Event or any action taken.

## 2.3 Consequences of Extraordinary Events

If the Issuer determines that an Extraordinary Event has occurred in respect of a Share then, on or after the relevant Announcement Date, the Issuer may in its discretion (acting in good faith and in a commercially reasonable manner) either:

(a) (i) make such adjustment to the exercise, settlement, payment or any other terms of the Notes as the Issuer determines appropriate to account for the economic effect on the Notes of such Extraordinary Event (which may include, without limitation, adjustments to account

for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Notes), which may, but need not, be determined by reference to the adjustment(s) made in respect of such Extraordinary Event by an options exchange to options on the relevant Shares traded on such options exchange; and

- (ii) determine the effective date of that adjustment; or
- (b) if "Share Substitution" is specified as being applicable in the relevant Final Terms, then the Issuer may, acting in good faith and in a commercially reasonable manner, select a new underlying share (in respect of the relevant Extraordinary Event, the "Replacement Share"), which Replacement Share will be deemed to be a Share in place of the Share which has been replaced by the Issuer following such Extraordinary Event (and the Share Issuer of the Replacement Share will replace the Share Issuer of the replaced Share), and the Issuer may make such adjustment to the exercise, settlement, payment or any other terms of the Notes as the Issuer determines appropriate to account for the economic effect on the Notes of the Extraordinary Event and/or the replacement of the replaced Share by the Replacement Share (including adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Notes). Any Replacement Share will, to the extent practicable, be selected from the same economic sector, have shares denominated in the same currency and have a similar market capitalisation to the relevant replaced Share; and
- (c) upon making any such adjustment under this Asset Term 2.3, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with General Condition 13 stating the adjustment to any amount payable under the Notes and/or any of the other relevant terms and giving brief details of the Extraordinary Event, provided that any failure to give such notice shall not affect the validity of the Extraordinary Event or any action taken. If the Issuer determines that no adjustments to the terms of the Notes would achieve a commercially reasonable result, on giving not more than 30 nor less than 15 days' notice to Noteholders in accordance with General Condition 13, the Issuer may redeem the Notes in whole but not in part, in which case the Issuer will cause to be paid to each Noteholder in respect of each Note held by it an amount equal to the Early Payment Amount on such day falling on or after the relevant Announcement Date, as the Issuer shall select in its sole and absolute discretion.

## 2.4 Consequences of Additional Disruption Events

- (a) If the Issuer determines that an Additional Disruption Event (if specified as being applicable in the relevant Final Terms) other than a Failure to Deliver due to Illiquidity has occurred, then the Issuer may (but need not) determine the appropriate adjustment, if any, to be made to any one or more of the terms of the Notes, including without limitation, any variable or term relevant to the settlement or payment under such Notes, as the Issuer determines appropriate to account for the economic effect of such Additional Disruption Event on the Notes (including adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Shares or to the Notes), and determine the effective date of that adjustment.
- (b) Upon making any such adjustment under this Asset Term 2.4, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with General Condition 13 stating the adjustment to any amount payable under the Notes and/or any of the other relevant terms and giving brief details of the Additional Disruption Event, provided that any failure to give such notice shall not affect the validity of the Additional Disruption Event or any action taken. If the Issuer determines that that no adjustments to the terms of the Notes would achieve a commercially reasonable result, on giving not more than 30 nor less than 15 days' notice to Noteholders in accordance with General Condition 13, the Issuer may redeem the Notes in whole but not in part, in which case the Issuer will cause to be paid to each Noteholder in respect of each Note held by it an amount equal to the Early Payment Amount on such day as the Issuer shall select in its sole and absolute discretion.
- (c) If the Issuer determines that a Failure to Deliver due to Illiquidity has occurred:
  - (A) any Shares which are not affected by such Failure to Deliver due to Illiquidity will be delivered on the originally designated Share Delivery Date; and

(B) in respect of any Shares which are affected by such Failure to Deliver due to Illiquidity, in lieu of Physical Settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations under the Notes by payment to the relevant Noteholder of the Failure to Deliver Cash Settlement Price on the third Business Day following the date that notice of such election is given to the Noteholders in accordance with General Condition 13. The Issuer shall give notice as soon as practicable to the Noteholders in accordance with General Condition 13 stating the Failure to Deliver Cash Settlement Price and the amount payable to the Noteholders under the Notes.

#### 3. Adjustment in respect of Jurisdictional Event

- (a) If the relevant Final Terms specifies in relation to a Share that Jurisdictional Event shall apply and, in the determination of the Issuer, a Jurisdictional Event occurs, the Issuer may make such downward adjustment to any amount otherwise payable under the Notes as it shall determine in its discretion, acting in good faith and in a commercially reasonable manner, to take account of the effect of such Jurisdictional Event on any Hedging Arrangements and any difference between the Hedge Proceeds and the amount which, but for these provisions would otherwise be the amount so payable. The Issuer will use commercially reasonable endeavours to preserve the value of the Hedge Proceeds, but it shall not be obliged to take any measures which it determines, in its sole and absolute discretion, to be commercially impracticable. The Issuer shall also take into account the effect on the Notes and whether fair treatment is achieved by any such adjustment in accordance with its applicable regulatory obligations.
- (b) Upon making any such adjustment under this Asset Term 3, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with General Condition 13 stating the adjustment to any amount payable under the Notes and/or any of the other relevant terms and giving brief details of the Jurisdictional Event, provided that any failure to give such notice shall not affect the validity of the Jurisdictional Event or any action taken.

### 4. Correction of prices

In the event that any relevant price of a Share published on the Exchange on any date which is utilised for any calculation or determination in connection with the Notes is subsequently corrected and the correction is published by the Exchange by the second Business Day prior to the next date on which any relevant payment or delivery may have to be made by the Issuer or in respect of which any relevant determination in respect of the Notes may have to be made, then the Issuer may determine the amount that is payable or deliverable or make any determination, acting in good faith and in a commercially reasonable manner, in connection with the Notes, after taking into account such correction, and, to the extent necessary, may adjust any relevant terms of the Notes to account for such correction.

#### 5. Cash Settlement

- (a) Where the relevant Final Terms provides that "Cash Settlement" is applicable then, unless the Notes have been previously redeemed or purchased and cancelled in accordance with the Conditions, each Note shall be:
  - (I) partially redeemed by payment by the Issuer of the Instalment Amount(s) in cash on the Instalment Date(s) as specified in the relevant Final Terms; and/or
  - (II) redeemed by payment by the Issuer of the Redemption Amount on the Maturity Date as specified in the relevant Final Terms.
- (b) Where the relevant Final Terms specifies that the "Cash Settlement Option" is applicable, redemption is determined to be by way of Physical Settlement and a valid Cash Settlement Option Notice has been delivered, in lieu of paying the Share Amount, the Issuer shall discharge its payment obligations by payment of an amount equal to the product of the Share Amount and the Final Share Price.

In such case, the Issuer must deliver the Cash Settlement Option Notice to the relevant Noteholder on or prior to the Business Day that is at least a number of Business Days prior to the Presentation Date equal to the

Presentation Date Notice Period, to give notice to the Noteholders in accordance with General Condition 13 and provide details of the Presentation Date.

#### 6. Physical Settlement

(a) Redemption by way of Physical Delivery

Where the relevant Final Terms provides that "Physical Settlement" is applicable then, unless the Notes have been previously redeemed or purchased and cancelled in accordance with the Conditions, and subject to Asset Term 5(b), each Note shall be redeemed by:

- (i) physical delivery of the Share Amount on the Share Delivery Date; and
- (ii) payment of the Fractional Cash Amount on the Maturity Date.

### (b) Delivery Notices

In order to obtain delivery of the Share Amount(s), the relevant Noteholder must deliver to the Delivery Agent, on or before the Presentation Date, the relevant Note(s) (if the Notes are in definitive form) and a duly completed notice substantially in such form as the Issuer may determine ("**Delivery Notice**"). Copies of the Delivery Notice may be obtained from the Delivery Agent.

The Delivery Notice must:

- (i) specify the name and address of the relevant Noteholder, and the details of the account to which the relevant Share Amount(s) are to be delivered;
- (ii) include an undertaking by the relevant Noteholder to pay all taxes, duties and/or expenses arising from or in connection with the delivery of the Share Amount (as further described in Asset Term 7(a);
- (iii) certify that the beneficial owner of each Note is not a U.S. person (as defined in Rule 902(k) of Regulation S under the United States Securities Act of 1933, as amended, which term is deemed to include any person that does not meet the definition of 'Non-United States Person' in Rule 4.7 promulgated by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended, the Note is not being redeemed within the United States or on behalf of a U.S. person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with any redemption thereof; and
- (iv) authorise the production of such notice in any applicable administrative or legal proceedings.

No Delivery Notice may be withdrawn after receipt thereof by a Delivery Agent. Upon the delivery of the Delivery Notice, the Noteholder may not transfer the Notes which are the subject of such Delivery Notice.

Failure properly to complete and deliver a Delivery Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided in these Asset Terms shall be made by the Delivery Agent, after consultation with the Issuer and shall be conclusive and binding on the Issuer and the relevant Noteholder.

If the Delivery Notice is subsequently corrected to the satisfaction of the Issuer, it shall be deemed to be a new Delivery Notice submitted at the time such correction was delivered as provided above.

If the relevant Note and the related Delivery Notice are delivered to the Delivery Agent on a day that is not a Banking Day in the city of the Delivery Agent, such Note and Delivery Notice shall be deemed to be delivered on the next following such Banking Day.

The Issuer shall have no obligation to make delivery of the Share Amount in respect of such Note unless and until a duly completed Delivery Notice, together with the relevant Note if the Notes are in definitive

form, are each delivered as provided above. If the duly completed Delivery Notice together with the relevant Note if the Notes are in definitive form are each delivered after the Presentation Date, delivery of such Share Amount shall be made as soon as possible thereafter but not earlier than the Share Delivery Date.

For the avoidance of doubt, the relevant holder of a Note shall not be entitled to any additional or further payment by reason of the delivery of the Share Amount in respect of such Note occurring after the Share Delivery Date as a result of such Delivery Notice or Note being delivered after the Presentation Date. Noteholders should note that, since the Presentation Date may fall before the date on which the Issuer notifies them of the method of redemption, they may not know by then whether the Notes will be redeemed by payment or by delivery of the Share Amount. However, if the Delivery Notice and the relevant Notes are not delivered by the Presentation Date in accordance with this paragraph and the Notes are to be redeemed by delivery of the Share Amount, the Noteholder will receive the Share Amount later than if the Delivery Notice and the relevant Notes had been so delivered by the Presentation Date.

#### 7. Share Amounts

## (a) Delivery of Share Amounts

Without prejudice to sub-paragraph (b) below, the Issuer shall on the Share Delivery Date, deliver or procure the delivery of the Share Amount in respect of each Note to the Noteholder at the risk and expense of the relevant Noteholder. The Noteholder is required to pay all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising from or in connection with the delivery of the Share Amount, if any, and no delivery shall take place until all such taxes and fees have been paid by the Noteholder to the absolute satisfaction of the Issuer. As used herein, "delivery" in relation to any Share Amount means the carrying out of the steps required of the Issuer (or such person as it may procure to make the relevant delivery) in order to effect the transfer of the relevant Share Amount and "deliver" shall be construed accordingly. The Issuer shall not be responsible for any delay or failure in the transfer of such Share Amount once such steps have been carried out, whether resulting from settlement periods of clearing systems, acts or omissions of registrars, incompatible or incorrect information being contained in any Delivery Notice or otherwise and shall have no responsibility for the lawfulness of the acquisition of the Shares comprising the Share Amount or any interest therein by any Noteholder or any other person.

In respect of each Share comprising the Share Amount, the Issuer shall not be under any obligation to register or procure the registration of the Noteholder or any other person as the registered shareholder in the register of members of the Share Issuer.

Noteholders should note that the actual date on which they become holders of the Shares comprising their Share Amount will depend, among other factors, on the procedures of the relevant clearing systems and any share registrar and the effect of any Settlement Disruption Events.

The Issuer shall not at any time be obliged to account to a Noteholder for any amount or entitlement that it receives by way of a dividend or other distribution in respect of any of the Shares. Dividends and distributions in respect of the Shares which constitute a Potential Adjustment Event may however result in an adjustment being made pursuant to these Asset Terms.

Delivery of the Share Amount is subject to all applicable laws, regulations and practices in force on the Delivery Date and none of the Issuer or any of its affiliates or agents or the Delivery Agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer or any of its affiliates or agents or the Delivery Agent shall under any circumstances be liable for any acts or defaults of any third party in relation to the performance of their duties in relation to the delivery of the Share Amount.

Neither the Issuer (nor any other person) shall (i) be under any obligation to deliver (or procure delivery) to such Noteholder (or any other person), any letter, certificate, notice, circular or any other document received by the Issuer (or that person) in its capacity as the holder of such Shares, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such

Shares, or (iii) be under any liability to such Noteholder or any subsequent beneficial owner of such Shares in respect of any loss or damage which such Noteholder or subsequent beneficial owner may sustain or suffer as a result, whether directly or indirectly, of that person being registered at any time as the legal owner of such Shares.

#### (b) Settlement Disruption

If the Issuer determines that delivery of any Shares comprising the Share Amount in respect of any Note by the Issuer in accordance with this Asset Term 7(b) is not practicable or permitted by reason of a Settlement Disruption Event subsisting, then the Share Delivery Date in respect of such Note shall be postponed to the first following Delivery Day in respect of which no such Settlement Disruption Event is subsisting and notice thereof shall be given to the relevant Noteholder by mail addressed to it at the address specified in the relevant Delivery Notice or in accordance with General Condition 13 provided that the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by delivering or procuring the delivery of such Share Amount using such other commercially reasonable manner as it may select and in such event the Share Delivery Date shall be such day as the Issuer deems appropriate in connection with delivery of such Share Amount in such other commercially reasonable and lawful manner. No Noteholder shall be entitled to any payment whether of interest or otherwise on such Note in the event of any delay in the delivery of the Share Amount pursuant to this paragraph and no liability in respect thereof shall attach to the Issuer.

Where a Settlement Disruption Event affects some but not all of the Shares comprising the Share Amount in respect of a Share or a Share Basket, the Share Delivery Date for the Shares comprising such Share Amount not affected by the Settlement Disruption Event will be the originally designated Share Delivery Date.

For so long as delivery of the Share Amount in respect of any Note is not practicable or permitted by reason of a Settlement Disruption Event, then in lieu of Physical Settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of each relevant Note by payment to the relevant Noteholder of the Disruption Cash Settlement Price on the third Currency Business Day following the date that notice of such election is given to the Noteholders in accordance with General Condition 13. Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 13.

The Issuer shall give notice as soon as practicable to the Noteholders in accordance with General Condition 13 that a Settlement Disruption Event has occurred.

## ASSET TERMS AND CONDITIONS FOR EQUITY INDEX-LINKED NOTES

**Application:** the following terms shall apply to Notes if stated in the relevant Final Terms to be "Equity Index-linked". In the event of any inconsistency between the General Conditions, these Asset Terms (if applicable) and the relevant Final Terms, the prevailing terms will be determined in accordance with the following order of priority (where (a) prevails over the other terms):

- (a) the relevant Final Terms;
- (b) these Asset Terms (if applicable); and
- (c) the General Conditions.

#### 1. **Definitions**

"Additional Disruption Event" means a Change in Law, an FX Disruption, a Hedging Disruption and/or an Increased Cost of Hedging, as specified to be applicable in the relevant Final Terms.

## "Averaging Date" means:

- (a) in respect of Notes relating to a single Index, subject as provided in Asset Term 2, each date so specified in the relevant Final Terms, or if such date is not a Scheduled Trading Day for such Index, the next following Scheduled Trading Day for such Index; or
- (b) in respect of Notes relating to an Index Basket where:
  - (i) "Whole Basket Postponement" is specified to be applicable to "Averaging Dates" in the relevant Final Terms, subject as provided in Asset Term 2, each date so specified in the relevant Final Terms, or if such date is not a Scheduled Trading Day for any Index in the Index Basket, the next following Scheduled Trading Day for all Indices in the Index Basket; or
  - (ii) "Affected Postponement Only" is specified to be applicable to "Averaging Dates" in the relevant Final Terms, subject as provided in Asset Term 2, each date so specified in the relevant Final Terms in respect of an Index in such Index Basket, or if such date is not a Scheduled Trading Day for such Index, the next following Scheduled Trading Day for such Index.

"Change in Law" means that, on or after the Trade Date of the relevant Notes, due to the adoption of or any change in any applicable law (including, without limitation, any tax law), rule, regulation or order, any regulatory or tax authority ruling, regulation or order or any regulation, rule or procedure of any exchange (an "Applicable Regulation"), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines that (A) it has or will become illegal or contrary to any Applicable Regulation for it, any of its affiliates or any entities which are relevant to the Hedging Arrangements to hold, acquire or dispose of Hedge Positions relating to any Components in the Index, or (B) it will incur a materially increased cost in performing its obligations with respect to such Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position) or any requirements in relation to reserves, special deposits, insurance assessments or other requirements.

"Common Valid Date" means, in respect of an Index Basket, a Scheduled Trading Day for each Index in such Index Basket that is not a Disrupted Day for any Index in such Index Basket and on which another Averaging Date does not occur or is not deemed to occur.

"Component" means, in respect of an Index, any share, security, commodity, rate, index or other component included in such Index, as determined by the Issuer.

"Disrupted Day" means, in respect of:

- (a) a Single-Exchange Index, any Scheduled Trading Day on which (i) a relevant Exchange fails to open for trading during its regular trading session, (ii) any Related Exchange fails to open for trading during its regular trading session, or (iii) a Market Disruption Event has occurred or is continuing; or
- (b) a Multi-Exchange Index, any Scheduled Trading Day on which (i) the Sponsor fails to publish the level of the Index (provided that the Issuer may, in its discretion, determine that such event instead results in the occurrence of an Index Disruption), (ii) any Related Exchange fails to open for trading during its regular trading session, or (iii) a Market Disruption Event has occurred or is continuing.

"Disruption Threshold" means the percentage so specified in the relevant Final Terms.

"Early Closure" means, in respect of an Index, the closure on any Exchange Business Day of any relevant Exchange or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange or Related Exchange at least one hour prior to the earlier of (a) the actual closing time for the regular trading session on such Exchange or Related Exchange on such Exchange Business Day, and (b) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

"Exchange" means in respect of any Components of an Index, the stock exchange(s) or quotation system(s) (from time to time) on which, in the determination of the Sponsor for the purposes of that Index, such Components are listed or quoted and, if the Issuer in its discretion so determines, on which any depositary receipts in respect of such Components are listed or quoted in which event references to the Components of an Index may, where the Issuer determines the context to permit, include such depositary receipts.

## "Exchange Business Day" means, in respect of:

- (a) a Single-Exchange Index, any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions; and
- (b) a Multi-Exchange Index, any Scheduled Trading Day on which the Sponsor publishes the level of the Index and each Related Exchange is open for trading during its regular trading session,

notwithstanding in either case any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

"Exchange Disruption" means, in respect of an Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Issuer) the ability of market participants in general (a) to effect transactions in, or obtain market values for, (in the case of a Multi-Exchange Index) any Component of the Index (and, if the Issuer in its discretion so determines, any depositary receipts in respect of such securities) on any relevant Exchange or (in the case of a Single-Exchange Index) Components that comprise a percentage equal to the Disruption Threshold or more of the level of the Index on any relevant Exchange, or (b) to effect transactions in, or obtain market values for, futures or options relating to the relevant Index on any relevant Related Exchange.

"**FX Disruption**" means the occurrence of any event after the Trade Date of the relevant Notes that makes the Issuer and/or its affiliates unable, after using commercially reasonable efforts, to:

- (a) transfer through customary legal channels any amount denominated in a Relevant Currency required for the acquisition, establishment, re-establishment, substitution, maintenance, unwind or disposal of all or part of an FX Disruption Hedge from accounts (i) within the Local Jurisdiction to (A) accounts outside such Local Jurisdiction, (B) other accounts within such Local Jurisdiction, or (C) the accounts of a nonresident of such Local Jurisdiction, or (ii) outside the Local Jurisdiction to accounts within such Local Jurisdiction:
- (b) convert through customary legal channels any amount denominated in a Relevant Currency required for the acquisition, establishment, re-establishment, substitution, maintenance, unwind or disposal of all or part of an FX Disruption Hedge into any other Relevant Currency, where such conversion is at a rate at least as favourable as the rate for domestic institutions located in the Local Jurisdiction; or

(c) obtain a rate or a commercially reasonable rate (as determined by the Issuer), in each case, at which any amount denominated in a Relevant Currency required for the acquisition, establishment, reestablishment, substitution, maintenance, unwind or disposal of all or part of an FX Disruption Hedge can be exchanged for any other Relevant Currency.

"FX Disruption Hedge" means, in respect of the Issuer and/or its affiliates, any transaction(s) or asset(s) that the Issuer and/or its affiliates deems necessary to hedge the equity price risk (or any other relevant price risk including, but not limited to, the foreign exchange or currency risk) of entering into and performing its obligations with respect to the Notes.

"Hedge Positions" means any purchase, sale, entry into or maintenance of one or more (a) positions or contracts in securities, options, futures, derivatives or foreign exchange, (b) stock loan transactions, or (c) other instruments or arrangements (howsoever described) by the Issuer and/or its affiliates in order to hedge, individually or on a portfolio basis, the risk of entering into and performing its obligations with respect to the Notes.

"Hedge Proceeds" means the cash amount in the Settlement Currency and/or U.S. dollars and/or euro and/or any other freely transferrable currency (as solely determined by the Issuer) constituting the proceeds received or to be received by the Issuer and/or its affiliates in respect of any Hedging Arrangements; for the avoidance of doubt, Hedge Proceeds shall not be less than zero.

"Hedging Arrangements" means any hedging arrangements entered into by the Issuer (and/or its affiliates) at any time with respect to the Notes, including without limitation the purchase and/or sale of any securities, any options or futures on such securities, any depositary receipts in respect of such securities and any associated foreign exchange transactions.

"Hedging Disruption" means that the Issuer and/or its affiliates is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price or any other relevant risk of the Issuer entering into and performing its obligations with respect to the Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

"Increased Cost of Hedging" means that the Issuer and/or its affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date of the relevant Notes) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price or any other relevant risk of the Issuer entering into and performing its obligations with respect to the Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

"Index" means, subject as provided in Asset Term 2, the Index (or, if more than one, each Index) specified in the relevant Final Terms.

"Index Adjustment Event" means, in respect of an Index, an Index Cancellation, an Index Disruption or an Index Modification.

"Index Basket" means a basket composed of Indices in the relative proportions or numbers of Indices.

"Index Cancellation" means, in respect of an Index, the relevant Sponsor or Successor Sponsor, if applicable, on or prior to any Valuation Date, Averaging Date, Observation Date or other relevant date, permanently cancels such Index and no Successor Index exists as at the date of such cancellation.

"Index Disruption" means, in respect of an Index, the relevant Sponsor or Successor Sponsor, if applicable, on any Valuation Date, Averaging Date, Observation Date or other relevant date, fails to calculate and announce such Index, as determined by the Issuer (provided that, in respect of a Multi-Exchange Index, the Issuer may, in its discretion, determine that such event instead results in the occurrence of a Disrupted Day).

"Index Level" means, on any relevant day, subject as provided in Asset Term 2, the level of the relevant Index determined by the Issuer as at the relevant Valuation Time on such day, as calculated and published by the relevant Sponsor.

"Index Modification" means, in respect of an Index, the relevant Sponsor or Successor Sponsor, if applicable, on or prior to any Valuation Date, Averaging Date, Observation Date or other relevant date, makes or announces that it will make a material change in the formula for, or the method of, calculating such Index, or in any other way materially modifies such Index (other than a modification prescribed in that formula or method to maintain such Index in the event of changes in the Components, capitalisation and/or other routine events).

"Jurisdictional Event" means, in respect of an Index (a) any event which occurs, whether of general application or otherwise and which occurs as a result of present or future risks in or connected with the Jurisdictional Event Jurisdiction including, but not limited to, risks associated with fraud and/or corruption, political risk, legal uncertainty, imposition of foreign exchange controls, changes in laws or regulations and changes in the interpretation and/or enforcement of laws and regulations (including without limitation those relating to taxation) and other legal and/or sovereign risks, or (b) the Issuer (acting in good faith and in a commercially reasonable manner) determines that it and/or any affiliate is not able to buy and/or sell one or more Components of such Index or shares of companies whose depository receipts are comprised in such Index ("Related Shares") with or for a currency acceptable to the Issuer on the relevant Exchange (or the exchange or quotation system on which the relevant Related Shares are listed or quoted) or the relevant Exchange (or exchange or quotation system) fails to calculate and publish the equivalent, in a currency acceptable to the Issuer, of the share price of such shares on a day on which the Issuer determines that such calculation and publication was otherwise expected to be made and in the case of (a) and (b) which has or may have (as determined in the discretion of the Issuer, acting in good faith and in a commercially reasonable manner) the effect of reducing or eliminating the value of the Hedge Proceeds at any time.

"Jurisdictional Event Jurisdiction" means each country so specified in the relevant Final Terms.

"Local Jurisdiction" means, in respect of an Index, the jurisdiction in which the Exchange for such Index is located.

"Market Disruption Event" means the occurrence or existence of a Trading Disruption or an Exchange Disruption which in either case the Issuer determines is material, at any time during the one-hour period that ends at the relevant Valuation Time or an Early Closure provided that, in the case of a Multi-Exchange Index (other than where the Market Disruption Event relates to futures or options contracts relating to that Index), the Components of the Index in respect of which an Early Closure, Exchange Disruption and/or Trading Disruption occurs or exists amount, in the determination of the Issuer, in aggregate to a percentage equal to the Disruption Threshold or more of the level of the Index. For the purpose of determining whether a Market Disruption Event exists at any time in respect of a Component included in the relevant Index at any time, the relevant percentage contribution of that Component to the level of the relevant Index shall be based on a comparison of (x) the portion of the level of the relevant Index attributable to that Component, and (y) the overall level of the relevant Index, in each case immediately before the occurrence of such Market Disruption Event, as determined by the Issuer.

"Multi-Exchange Index" means any Index which is so specified in the relevant Final Terms, or, if not specified, any Index the Issuer determines as such.

"Observation Date" means each date so specified in the relevant Final Terms, provided that if "Observation Date subject to Averaging Date or Valuation Date adjustment" is specified to be applicable in respect of such date in the relevant Final Terms, then the provisions of Asset Term 2 shall apply to such date as if it were an Averaging Date or a Valuation Date, as the case may be.

"**Observation Period**" means the period so specified in the relevant Final Terms.

"Reference Currency" means, in respect of an Index, the currency in which such Index is denominated, as specified in the Final Terms.

"Related Exchange(s)" means, in respect of an Index, each exchange or quotation system so specified in the relevant Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (provided that the Issuer has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the

original Related Exchange), provided, however, that where "All Exchanges" is specified as the Related Exchange in the relevant Final Terms, "Related Exchange" shall mean each exchange or quotation system where trading has a material effect (as determined by the Issuer) on the overall market for futures or options contracts relating to such Index.

"Relevant Currency" means any of the Settlement Currency, the Reference Currency and the currency in which each Component of the Index is denominated.

"Required Exchange" means, in respect of an Index specified as a Multi-Exchange Index, the exchange(s) so specified in the relevant Final Terms.

"Scheduled Averaging Date" means an original date that, but for such day being a Disrupted Day, would have been an Averaging Date.

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

## "Scheduled Trading Day" means, in respect of:

- (a) a Single-Exchange Index, any day on which each Exchange and each Related Exchange for such Index are scheduled to be open for trading for their respective regular trading sessions;
- (b) a Multi-Exchange Index, any day on which the Sponsor is scheduled to publish the level of the Index and each Required Exchange (if any) and each Related Exchange for such Index are scheduled to be open for trading for their regular trading sessions;
- (c) any Component referenced by the Index which is a Share, any day on which the relevant Exchange and the relevant Related Exchange for such Share are scheduled to be open for trading for their respective regular trading sessions; and
- (d) any Component which is not a Share, any day on which the value, level or price, as is applicable, is scheduled to be published or disseminated, or is otherwise scheduled to be available.

"Scheduled Valuation Date" means an original date that, but for such day being a Disrupted Day, would have been a Valuation Date.

"Share" means, in respect of an Index, any share included in such Index, as determined by the Issuer.

"Single-Exchange Index" means any Index which is so specified in the relevant Final Terms, or, if not specified, any Index the Issuer determines as such.

"Sponsor" means, in relation to an Index, the corporation or other entity as determined by the Issuer that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments if any, related to such Index, and (b) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day failing whom such person acceptable to the Issuer who calculates and announces the Index or any agent or person acting on behalf of such person.

"Trade Date" means the date so specified in the relevant Final Terms.

"Trading Disruption" means, in respect of an Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) on any relevant Exchange(s) relating to (in the case of a Multi-Exchange Index) any Component of the Index or (in the case of a Single-Exchange Index) Components that comprise a percentage equal to the Disruption Threshold or more of the level of the Index, or (b) in futures or options contracts relating to the relevant Index on any relevant Related Exchange.

"Valid Date" means, in respect of an Index, a Scheduled Trading Day for such Index that is not a Disrupted Day for such Index and on which another Averaging Date does not occur or is not deemed to occur.

#### "Valuation Date" means:

- (a) in respect of Notes relating to a single Index, subject as provided in Asset Term 2, the date(s) so specified in the relevant Final Terms, or if such date is not a Scheduled Trading Day for such Index, the next following Scheduled Trading Day for such Index; or
- (b) in respect of Notes relating to an Index Basket where:
  - (i) "Whole Basket Postponement" is specified to be applicable to "Valuation Date(s)" in the relevant Final Terms, subject as provided in Asset Term 2, the date(s) so specified in the relevant Final Terms, or if such date is not a Scheduled Trading Day for any Index in the Index Basket, the next following Scheduled Trading Day for all Indices in the Index Basket; or
  - (ii) "Affected Postponement Only" is specified to be applicable to "Valuation Date(s)" in the relevant Final Terms, subject as provided in Asset Term 2, the date(s) so specified in the relevant Final Terms in respect of an Index in such Index Basket, or if such date is not a Scheduled Trading Day for such Index, the next following Scheduled Trading Day for such Index.

#### "Valuation Time" means:

- (a) for the purposes of determining whether a Market Disruption Event has occurred, (i) in respect of any Component, the Scheduled Closing Time on the Exchange in respect of such Component, and (ii) in respect of any options or futures contracts on the Index, the close of trading on the Related Exchange, and
- (b) in all other circumstances, the time so specified in the relevant Final Terms or, if no such time is specified, the time with reference to which the Sponsor calculates and publishes the closing level of such Index.

#### 2. Disrupted Days, Index Adjustment Events and Other Adjustments

#### 2.1 Consequences of Disrupted Days

#### (a) Single Index and Valuation Date(s)

Where the Notes relate to a single Index, unless otherwise specified in the relevant Final Terms, if the Issuer determines that any Valuation Date is a Disrupted Day, then the Valuation Date shall be the first succeeding Scheduled Trading Day that the Issuer determines is not a Disrupted Day, unless the Issuer determines that each of the eight consecutive Scheduled Trading Days immediately following the Scheduled Valuation Date is a Disrupted Day. In that case:

- (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day; and
- (ii) the Issuer shall determine the Index Level on or in respect of that eighth Scheduled Trading Day in accordance with Asset Term 2.1(g) (Formula for and method of calculating an Index Level after the eighth Scheduled Trading Day), and such determination by the Issuer pursuant to this paragraph (ii) shall be deemed to be the Index Level in respect of the Valuation Date.

#### (b) Single Index and Averaging Dates

Where the Notes relate to a single Index, unless otherwise specified in the relevant Final Terms, if the Issuer determines that any Averaging Date is a Disrupted Day and, in the relevant Final Terms, the consequence specified for such Averaging Date is:

(i) "Omission", then such Averaging Date will be deemed not to be a relevant Averaging Date, provided that, if through the operation of this provision there would be no Averaging Dates then the sole Averaging Date shall be the first succeeding Scheduled Trading Day following the final Scheduled Averaging Date that the Issuer determines is not a Disrupted Day, unless the Issuer

determines that each of the eight consecutive Scheduled Trading Days immediately following such final Scheduled Averaging Date is a Disrupted Day. In that case:

- (A) that eighth Scheduled Trading Day shall be deemed to be the sole Averaging Date, notwithstanding the fact that such day is a Disrupted Day; and
- (B) the Issuer shall determine the Index Level on or in respect of the eighth Scheduled Trading Day in accordance with Asset Term 2.1(g) (Formula for and method of calculating an Index Level after the eighth Scheduled Trading Day), and such determination by the Issuer pursuant to this paragraph (B) shall be deemed to be the Index Level in respect of the sole Averaging Date;
- (ii) "Postponement", then the relevant Averaging Date shall be the first succeeding Scheduled Trading Day following such Scheduled Averaging Date that the Issuer determines is not a Disrupted Day (irrespective of whether that deferred Averaging Date is already or is deemed to be another Averaging Date), unless the Issuer determines that each of the eight consecutive Scheduled Trading Days immediately following such Scheduled Averaging Date is a Disrupted Day. In that case:
  - (A) that eighth Scheduled Trading Day shall be deemed to be the relevant Averaging Date (irrespective of whether such day is already or is deemed to be another Averaging Date or is a Disrupted Day); and
  - (B) the Issuer shall determine the Index Level on or in respect of that eighth Scheduled Trading Day in accordance with Asset Term 2.1(g) (Formula for and method of calculating an Index Level after the eighth Scheduled Trading Day), and such determination by the Issuer pursuant to this paragraph (B) shall be deemed to be the Index Level in respect of the relevant Averaging Date; or
- (iii) "Modified Postponement", then the relevant Averaging Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred as of the Valuation Time on the eighth Scheduled Trading Day immediately following the final Scheduled Averaging Date, then:
  - (A) that eighth Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether such day is already or is deemed to be another Averaging Date or is a Disrupted Day); and
  - (B) the Issuer shall determine the Index Level on or in respect of that eighth Scheduled Trading Day in accordance with Asset Term 2.1(g) (Formula for and method of calculating an Index Level after the eighth Scheduled Trading Day), and such determination by the Issuer pursuant to this paragraph (B) shall be deemed to be the Index Level in respect of the relevant Averaging Date.

If the Issuer determines that any Averaging Date is a Disrupted Day and, if in the relevant Final Terms no consequence is specified in respect of such Averaging Date, then it shall be deemed that the consequence specified in "Modified Postponement" will apply.

#### (c) Index Basket and Valuation Date(s) – Affected Postponement Only

Where the Notes relate to an Index Basket and unless otherwise specified in the relevant Final Terms, if the relevant Final Terms specifies that "Index Basket and Valuation Date(s) – Affected Postponement Only" applies to the Index Basket and any Valuation Date, then if the Issuer determines that any Valuation Date is a Disrupted Day for any Index in the Index Basket, then such Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and such Valuation Date for each Index affected by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day for such Index that the Issuer determines is not a Disrupted Day relating to such Index (irrespective of whether that deferred Valuation Date is already or is deemed to be another Valuation Date for such Index), unless the Issuer determines that each of the eight consecutive

Scheduled Trading Days for such Index immediately following such Scheduled Valuation Date is a Disrupted Day relating to that Index. In that case:

- (i) that eighth Scheduled Trading Day for such Index shall be deemed to be the Valuation Date for such Index (irrespective of whether that such day is already or is deemed to be another Valuation Date for such Index), notwithstanding the fact that such day is a Disrupted Day for such Index; and
- (ii) the Issuer shall determine the Index Level for such Index on or in respect of that eighth Scheduled Trading Day for such Index in accordance with Asset Term 2.1(g) (Formula for and method of calculating an Index Level after the eighth Scheduled Trading Day), and such determination by the Issuer pursuant to this paragraph (ii) shall be deemed to be the Index Level in respect of the Valuation Date for such Index.

## (d) Index Basket and Valuation Date(s) – Whole Basket Postponement

Where the Notes relate to an Index Basket and unless otherwise specified in the relevant Final Terms, if the relevant Final Terms specifies that "Index Basket and Valuation Date(s) – Whole Basket Postponement" applies to the Index Basket and any Valuation Date, then if the Issuer determines that any Valuation Date is a Disrupted Day for any Index in the Index Basket, then such Valuation Date for each Index in the Index Basket shall be the first succeeding Scheduled Trading Day for each Index in the Index Basket which the Issuer determines is not a Disrupted Day for any Index in the Index Basket, unless the Issuer determines that each of the eight consecutive Scheduled Trading Days for each Index in the Index Basket immediately following such Scheduled Valuation Date is a Disrupted Day for any Index in the Index Basket. In that case:

- (i) that eighth Scheduled Trading Day for each Index in the Index Basket shall be deemed to be the Valuation Date for each Index in the Index Basket, notwithstanding the fact that such day is a Disrupted Day for one or more Indices in the Index Basket (each such Index being an "Affected Basket Index" for such Valuation Date);
- (ii) for each Index in the Index Basket other than an Affected Basket Index, the relevant Index Level shall be determined by reference to the relevant screen pages by the Issuer at the applicable Valuation Time on that eighth Scheduled Trading Day for each Index in the Index Basket; and
- (iii) for each Affected Basket Index, the Issuer shall determine the Index Level for such Affected Basket Index on or in respect of that eighth Scheduled Trading Day for each Index in the Index Basket in accordance with Asset Term 2.1(g) (Formula for and method of calculating an Index Level after the eighth Scheduled Trading Day), and such determination by the Issuer pursuant to this paragraph (iii) shall be deemed to be the Index Level in respect of the Valuation Date for such Affected Basket Index.

# (e) Index Basket and Averaging Dates - Affected Postponement Only

Where the Notes relate to an Index Basket and unless otherwise specified in the relevant Final Terms, if the relevant Final Terms specifies that "Index Basket and Averaging Dates – Affected Postponement Only" applies to the Index Basket and any Averaging Date and if the Issuer determines that any Averaging Date is a Disrupted Day in respect of any Index in the Index Basket and if, in the relevant Final Terms, the consequence specified is:

- (i) "Omission", then such Averaging Date will be deemed not to be a relevant Averaging Date for each Index in the Index Basket, provided that, if through the operation of this provision there would be no Averaging Dates, then:
  - (A) for each Index in the Index Basket for which the Issuer determines that the final Scheduled Averaging Date is not a Disrupted Day, the sole Averaging Date for such Index shall be the final Scheduled Averaging Date; and
  - (B) for each Index in the Index Basket for which the Issuer determines that the final Scheduled Averaging Date is a Disrupted Day, then the sole Averaging Date for such Index shall be

the first succeeding Scheduled Trading Day for such Index following the final Scheduled Averaging Date that the Issuer determines is not a Disrupted Day relating to such Index, unless the Issuer determines that each of the eight consecutive Scheduled Trading Days for such Index immediately following the final Scheduled Averaging Date is a Disrupted Day relating to that Index. In that case:

- (I) that eighth Scheduled Trading Day for such Index shall be deemed to be the sole Averaging Date for such Index, notwithstanding the fact that such day is a Disrupted Day for such Index; and
- (II) the Issuer shall determine the Index Level for such Index on or in respect of that eighth Scheduled Trading Day for such Index in accordance with Asset Term 2.1(g) (Formula for and method of calculating an Index Level after the eighth Scheduled Trading Day), and such determination by the Issuer pursuant to this paragraph (II) shall be deemed to be the Index Level in respect of the sole Averaging Date for such Index;
- (ii) "Postponement", then for each Index in the Index Basket for which the Issuer determines that such Averaging Date is a Disrupted Day, the Averaging Date for such Index shall be the first succeeding Scheduled Trading Day for such Index that the Issuer determines is not a Disrupted Day relating to that Index (irrespective of whether that deferred Averaging Date is already or is deemed to be another Averaging Date for such Index), unless the Issuer determines that each of the eight consecutive Scheduled Trading Days for such Index immediately following such Scheduled Averaging Date is a Disrupted Day relating to such Index. In that case:
  - (A) the eighth Scheduled Trading Day for such Index shall be deemed to be the Averaging Date for such Index (irrespective of whether that eighth Scheduled Trading Day for such Index is already or is deemed to be another Averaging Date or is a Disrupted Day for such Index); and
  - (B) the Issuer shall determine the Index Level for such Index on or in respect of that eighth Scheduled Trading Day for such Index in accordance with Asset Term 2.1(g) (Formula for and method of calculating an Index Level after the eighth Scheduled Trading Day), and such determination by the Issuer pursuant to this paragraph (B) shall be deemed to be the Index Level in respect of the relevant Averaging Date for such Index; or
- (iii) "Modified Postponement", then for each Index in the Index Basket for which the Issuer determines that such Scheduled Averaging Date is a Disrupted Day, the Averaging Date for such Index shall be the first succeeding Valid Date relating to that Index. If the first succeeding Valid Date has not occurred as of the relevant Valuation Time on the eighth Scheduled Trading Day for such Index immediately following the final Scheduled Averaging Date, then:
  - (A) that eighth Scheduled Trading Day for such Index shall be deemed to be the Averaging Date for such Index (irrespective of whether that eighth Scheduled Trading Day for such Index is already or is deemed to be another Averaging Date or is a Disrupted Day for such Index); and
  - (B) the Issuer shall determine the Index Level for such Index on or in respect of that eighth Scheduled Trading Day for such Index in accordance with Asset Term 2.1(g) (Formula for and method of calculating an Index Level after the eighth Scheduled Trading Day), and such determination by the Issuer pursuant to this paragraph (B) shall be deemed to be the Index Level in respect of the relevant Averaging Date for such Index.

If the Issuer determines that any Averaging Date is a Disrupted Day for any Index in the Index Basket and, if in the relevant Final Terms no consequence is specified in respect of such Averaging Date, then it shall be deemed that the consequence specified in "Modified Postponement" will apply.

#### (f) Index Basket and Averaging Dates – Whole Basket Postponement

Where the Notes relate to an Index Basket and unless otherwise specified in the relevant Final Terms, if the relevant Final Terms specifies that "Index Basket and Averaging Dates – Whole Basket Postponement" applies to the Index Basket and an Averaging Date, then if the Issuer determines that any Averaging Date is a Disrupted Day in respect of any Index in the Index Basket and if, in the relevant Final Terms, the consequence specified is:

- (i) "Omission", then such Averaging Date will be deemed not to be a relevant Averaging Date for each Index in the Index Basket, provided that, if through the operation of this provision there would be no Averaging Dates, then the sole Averaging Date for each Index in the Index Basket shall be the first succeeding Scheduled Trading Day for each Index in the Index Basket following the final Scheduled Averaging Date that the Issuer determines is not a Disrupted Day for any Index in the Index Basket, unless the Issuer determines that each of the eight consecutive Scheduled Trading Days for each Index in the Index Basket immediately following the final Scheduled Averaging Date is a Disrupted Day relating to one or more Indices in the Index Basket. In that case:
  - (A) that eighth Scheduled Trading Day for each Index in the Index Basket shall be deemed to be the sole Averaging Date for each Index in the Index Basket, notwithstanding the fact that such day is a Disrupted Day for one or more Indices in the Index Basket (each such Index being an "Affected Basket Index" for such sole Averaging Date);
  - (B) for each Index in the Index Basket other than an Affected Basket Index, the relevant Index Level shall be determined by reference to the relevant screen pages by the Issuer at the applicable Valuation Time on that eighth Scheduled Trading Day for each Index in the Index Basket; and
  - (C) for each Affected Basket Index, the Issuer shall determine the Index Level for such Affected Basket Index on or in respect of that eighth Scheduled Trading Day for each Index in the Index Basket in accordance with Asset Term 2.1(g) (Formula for and method of calculating an Index Level after the eighth Scheduled Trading Day), and such determination by the Issuer pursuant to this paragraph (C) shall be deemed to be the Index Level in respect of the sole Averaging Date for such Affected Basket Index;
- (ii) "Postponement", then the Averaging Date for each Index in the Index Basket shall be the first succeeding Scheduled Trading Day for each Index in the Index Basket which the Issuer determines is not a Disrupted Day for any Index in the Index Basket (irrespective of whether that deferred Averaging Date is already or is deemed to be another Averaging Date), unless the Issuer determines that each of the eight consecutive Scheduled Trading Days for each Index in the Index Basket immediately following such Scheduled Averaging Date is a Disrupted Day relating to one or more Indices in the Index Basket. In that case:
  - (A) that eighth Scheduled Trading Day for each Index in the Index Basket shall be deemed to be the Averaging Date for each Index in the Index Basket, notwithstanding the fact that such day is a Disrupted Day for one or more Indices in the Index Basket (each such Index being an "Affected Basket Index" for such Averaging Date);
  - (B) for each Index in the Index Basket other than an Affected Basket Index, the relevant Index Level shall be determined by reference to the relevant screen pages by the Issuer at the applicable Valuation Time on that eighth Scheduled Trading Day for each Index in the Index Basket; and
  - (C) for each Affected Basket Index, the Issuer shall determine the Index Level for such Affected Basket Index on or in respect of that eighth Scheduled Trading Day for each Index in the Index Basket in accordance with Asset Term 2.1(g) (Formula for and method of calculating an Index Level after the eighth Scheduled Trading Day), and such determination by the Issuer pursuant to this paragraph (C) shall be deemed to be the Index Level in respect of the relevant Averaging Date for such Affected Basket Index; or

- (iii) "Modified Postponement", then the Averaging Date for each Index in the Index Basket shall be the first succeeding Common Valid Date. If the first succeeding Common Valid Date has not occurred as of the relevant Valuation Time on the eighth Scheduled Trading Day for each Index in the Index Basket immediately following the final Scheduled Averaging Date, then:
  - (A) that eighth Scheduled Trading Day for each Index in the Index Basket shall be deemed to be the Averaging Date for each Index in the Index Basket, notwithstanding the fact that such day is a Disrupted Day for one or more Indices in the Index Basket (each such Index being an "Affected Basket Index" for such Averaging Date);
  - (B) for each Index in the Index Basket other than an Affected Basket Index, the relevant Index Level shall be determined by reference to the relevant screen pages by the Issuer at the applicable Valuation Time on that eighth Scheduled Trading Day for each Index in the Index Basket; and
  - (C) for each Affected Basket Index, the Issuer shall determine the Index Level for such Affected Basket Index on or in respect of that eighth Scheduled Trading Day for each Index in the Index Basket in accordance with Asset Term 2.1(g) (Formula for and method of calculating an Index Level after the eighth Scheduled Trading Day), and such determination by the Issuer pursuant to this paragraph (C) shall be deemed to be the Index Level in respect of the relevant Averaging Date for such Affected Basket Index.

If the Issuer determines that any Averaging Date is a Disrupted Day for any Index in the Index Basket and, if in the relevant Final Terms no consequence is specified in respect of such Averaging Date, then it shall be deemed that the consequence specified in "Modified Postponement" will apply.

## (g) Formula for and method of calculating an Index Level after the eighth Scheduled Trading Day

In respect of an Index, the Issuer shall determine the Index Level on or in respect of the relevant last consecutive Scheduled Trading Day, pursuant to Asset Term 2.1(a)(ii), 2.1(b)(i)(B), 2.1(b)(ii)(B), 2.1(c)(ii), 2.1(c)(ii), 2.1(e)(i)(B)(II), 2.1(e)(ii)(B), 2.1(e)(iii)(B), 2.1(e)(iii)(B), 2.1(f)(ii)(C), 2.1(f)(ii)(C) or 2.1(f)(iii)(C), as the case may be, in accordance with the formula for and method of calculating such Index last in effect prior to the occurrence of the relevant first Disrupted Day, using the Exchange traded or quoted price as of the Valuation Time on the last consecutive Scheduled Trading Day of each Component comprised in such Index (or, if an event giving rise to a Disrupted Day (as defined in Asset Term 1 of the Asset Terms and Conditions for Equity-linked Notes) has occurred in respect of any relevant Component that is a Share (or an analogous event has occurred in respect of any relevant Component that is not a Share) on such last consecutive Scheduled Trading Day, or such last consecutive Scheduled Trading Day for any relevant Component, as determined by the Issuer, its good faith estimate of the value for the relevant Component as of the Valuation Time on the last consecutive Scheduled Trading Day).

#### 2.2 Index Adjustment Events

## (a) Successor Sponsor or Successor Index

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

The Issuer may make such adjustment(s) that it deems appropriate, if any, to any variable, calculation methodology, valuation, settlement, payment terms or any other terms of the Notes to account for such Successor Index.

#### (b) Occurrence of an Index Adjustment Event

If the Issuer determines in respect of an Index that, on or prior to any Valuation Date, Averaging Date, Observation Date or other relevant date, an Index Adjustment Event has occurred in respect of such Index, then the Issuer shall determine if such Index Adjustment Event has a material effect on the Notes and, if so, shall calculate the relevant Index Level using, in lieu of a published level for such Index, the level for such Index as at the Valuation Time on that Valuation Date, Averaging Date, Observation Date or other relevant date, as the case may be, as determined by the Issuer in accordance with the formula for, and method of, calculating such Index last in effect prior to the relevant Index Adjustment Event, but using only those Components that comprised such Index immediately prior to such Index Adjustment Event (other than those Components that have since ceased to be listed on the relevant Exchange).

Upon making any such adjustment, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with General Condition 13 stating the adjustment to any amount payable under the Notes and/or any of the other relevant terms and giving brief details of the Index Adjustment Event, provided that any failure to give such notice shall not affect the validity of the Index Adjustment Event or any action taken. If the Issuer determines, in its discretion, that the above adjustments would not achieve a commercially reasonable result, on giving not more than 30 nor less than 15 days' notice to Noteholders in accordance with General Condition 13, the Issuer may redeem the Notes in whole but not in part, in which case the Issuer will cause to be paid to each Noteholder in respect of each Note held by it an amount equal to the Early Payment Amount on such day as the Issuer shall select in its sole and absolute discretion.

## 2.3 Consequences of Additional Disruption Events

- (a) If the Issuer determines that an Additional Disruption Event (where specified as being applicable in the relevant Final Terms) has occurred, the Issuer may (but need not) determine the appropriate adjustment, if any, to be made to any one or more of the terms of the Notes, including without limitation, any variable or term relevant to the settlement or payment under such Notes, as the Issuer determines appropriate to account for the economic effect of such Additional Disruption Event on the Notes, and determine the effective date of that adjustment.
- (b) Upon making any such adjustment under this Asset Term 2.3, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with General Condition 13 stating the adjustment to any amount payable under the Notes and/or any of the other relevant terms and giving brief details of the Additional Disruption Event, provided that any failure to give such notice shall not affect the validity of the Additional Disruption Event or any action taken. If the Issuer determines that no adjustments to the terms of the Notes would achieve a commercially reasonable result, on giving not more than 30 nor less than 15 days' notice to Noteholders in accordance with the General Condition 13, the Issuer may redeem the Notes in whole but not in part, in which case the Issuer will cause to be paid to each Noteholder in respect of each Note held by it an amount equal to the Early Payment Amount on such day as the Issuer shall select in its sole and absolute discretion.

## 3. Adjustment in respect of Jurisdictional Event

- (a) If the relevant Final Terms specifies in relation to an Index that Jurisdictional Event shall apply and, in the determination of the Issuer, a Jurisdictional Event occurs, the Issuer may make such downward adjustment to any amount otherwise payable under the Notes as it shall determine in its discretion, acting in good faith and in a commercially reasonable manner, to take account of the effect of such Jurisdictional Event on any Hedging Arrangements and any difference between the Hedge Proceeds and the amount which, but for these provisions would otherwise be the amount so payable. The Issuer will use commercially reasonable endeavours to preserve the value of the Hedge Proceeds, but it shall not be obliged to take any measures which it determines, in its sole and absolute discretion, to be commercially impracticable. The Issuer shall also take into account the effect on the Notes and whether fair treatment is achieved by any such adjustment in accordance with its applicable regulatory obligations.
- (b) Upon making any such adjustment under this Asset Term 3, the Issuer shall give notice as soon as practicable to the Noteholders in accordance with General Condition 13 stating the adjustment to any amount payable under the Notes and/or any of the other relevant terms and giving brief details of the Jurisdictional Event, provided that any failure to give such notice shall not affect the validity of the Jurisdictional Event or any action taken.

### 4. Correction of Index Levels

In the event that any relevant level of an Index published by the Sponsor on any date which is utilised for any calculation or determination in connection with the Notes is subsequently corrected and the correction is published by the Sponsor by the second Business Day prior to the next date on which any relevant payment may have to be made by the Issuer or in respect of which any relevant determination in respect of the Notes may have to be made, then the Issuer may determine the amount that is payable or deliverable or make any determination, acting in good faith and in a commercially reasonable manner, in connection with the Notes, after taking into account such correction, and, to the extent necessary, may adjust any relevant terms of the Notes to account for such correction.

# 5. Responsibility

Neither the Issuer nor the Agents shall have any responsibility in respect of any error or omission or subsequent corrections made in the calculation or announcement of an Index, whether caused by negligence or otherwise.

# ASSET TERMS AND CONDITIONS FOR CREDIT NOTES

**Application:** the following terms shall apply to Notes if stated in the relevant Final Terms to be "Credit". In the event of any inconsistency between the General Conditions, these Asset Terms (if applicable) and the relevant Final Terms, the prevailing terms will be determined in accordance with the following order of priority (where (a) prevails over the other terms):

- (a) the relevant Final Terms;
- (b) these Asset Terms (if applicable); and
- (c) the General Conditions.

#### 1. Definitions

- "Accelerated or Matured" means an obligation under which the principal amount owed, whether by reason of maturity, acceleration, termination or otherwise, is due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws.
- "Additional Credit Note Disruption Event" means any of Change in Law, Hedging Disruption, and/or Increased Cost of Hedging, in each case if specified as applying in the applicable Final Terms.
- "Additional LPN" means any LPN issued by an LPN Issuer for the sole purpose of providing funds for the LPN Issuer to provide financing to the Reference Entity via an:
- (a) Underlying Loan; or
- (b) Underlying Finance Instrument,

provided that:

- (i) either:
  - (i) in the event that there is an Underlying Loan with respect to such LPN, the Underlying Loan satisfies the Obligation Characteristics specified in respect of the Reference Entity; or
  - (ii) in the event that there is an Underlying Finance Instrument with respect to such LPN the Underlying Finance Instrument satisfies the Not Subordinated, Not Domestic Law and Not Domestic Currency Obligation Characteristics;
- (ii) the LPN satisfies the following Deliverable Obligation Characteristics: Transferable, Not Bearer, Specified Currencies – Standard Specified Currencies, Not Domestic Law, Not Domestic Issuance;
- (iii) the LPN Issuer has, as of the issue date of such obligation, granted a First Ranking Interest over or in respect of certain of its rights in relation to the relevant Underlying Loan or Underlying Finance Instrument (as applicable) for the benefit of holders of the LPNs.
- "Additional Obligation" means each of the obligations listed as an Additional Obligation of the Reference Entity in the relevant "LPN Reference Obligation List" as published by Markit Group Limited, or any successor thereto, which list is currently available at http://www.markit.com/marketing/services.php.
- "Additional Provisions" means any additional provisions from time to time published by ISDA for use in the over-the-counter credit derivatives market and specified as applicable in relation to a Reference Entity which may include:
- (a) the Additional Provisions for Physically Settled Default Swaps Monoline Insurer as Reference Entity, as published by ISDA on 21 January 2005; or

- (b) any other provisions specified in relation to such Reference Entity.
- "Affected Entity" has the meaning given to such term in Asset Term 7(d) above.
- "Affiliate" means, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.
- "Asset" means each obligation, equity, amount of cash, security, fee (including any "early-bird" or other consent fee), right and/or other asset, whether tangible or otherwise and whether issued, incurred, paid or provided by the Reference Entity or a third party (or any value which was realized or capable of being realized in circumstances where the right and/or other asset no longer exists).
- "Asset Market Value" means the market value of an Asset, as the Calculation Agent shall determine by reference to an appropriate specialist valuation or in accordance with the methodology determined by the Credit Derivatives Determinations Committee.
- "Asset Package" means, in respect of an Asset Package Credit Event, all of the Assets in the proportion received or retained by a Relevant Holder in connection with such relevant Asset Package Credit Event (which may include the Prior Deliverable Obligation or Package Observable Bond, as the case may be). If the Relevant Holder is offered a choice of Assets or a choice of combinations of Assets, the Asset Package will be the Largest Asset Package. If the Relevant Holder is offered, receives and retains nothing, the Asset Package shall be deemed to be zero.

# "Asset Package Credit Event" means:

- (a) if "Financial Reference Entity Terms" and "Governmental Intervention" are specified as applicable in respect of the Reference Entity:
  - (i) a Governmental Intervention; or
  - (ii) a Restructuring in respect of the Reference Obligation, if "Restructuring" is specified as applicable in respect of the Reference Entity and such Restructuring does not constitute a Governmental Intervention; and
- (b) if the Reference Entity is a Sovereign and "Restructuring" is specified as applicable in respect of the Reference Entity, a Restructuring,

in each case, whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement.

- "Assignable Loan" means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction of organisation) that are not then a lender or a member of the relevant lending syndicate, without the consent of the Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if the Reference Entity is guaranteeing such Loan) or any agent, and if specified as applicable to a Deliverable Obligation Category, the Assignable Loan Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Loans.
- "Auction" has the meaning set forth in the Transaction Auction Settlement Terms.
- "Auction Cancellation Date" has the meaning set forth in the Transaction Auction Settlement Terms.
- "Auction Covered Transaction" has the meaning set forth in the Transaction Auction Settlement Terms.
- "Auction Final Price" has the meaning set forth in the Transaction Auction Settlement Terms or the Parallel Auction Settlement Terms identified by the Issuer in the Auction Settlement Amount Notice.

"Auction Final Price Determination Date" has the meaning set forth in the Transaction Auction Settlement Terms.

"Auction Settlement Amount" means, in relation to any Reference Entity, an amount in the Settlement Currency as determined by the Calculation Agent in accordance with the formula below:

Auction Settlement Amount =  $Max [0, Min (A, [(A \times B) - C])]$ 

Where:

"A" means the Specified Denomination;

"B" means the relevant Auction Final Price; and

"C" means the Unwind Costs (unless the applicable Final Terms specify that Unwind Costs are not applicable, in which event "C" means zero).

"Auction Settlement Amount Notice" means a notice given by the Issuer to the Calculation Agent and the Noteholders in accordance with General Condition 13, as applicable, on or prior to the date which is 65 Business Days following the Final List Publication Date (or, if later, the Movement Option Cut-off Date) specifying:

- (a) the Transaction Auction Settlement Terms or Parallel Auction Settlement Terms which the Issuer has elected to apply to the Credit Notes (provided that the Issuer may only elect to apply any Parallel Auction Settlement Terms (for purposes of which all Deliverable Obligations (as defined in respect of the Final List) on the Final List will be Permissible Deliverable Obligations) in the circumstances set out in sub-paragraph (b) or (c)(ii) of the definition of "No Auction Announcement Date"); and
- (b) the Auction Settlement Amount.

### "Auction Settlement Date" means:

- (a) the date that is three Business Days following delivery by the Issuer of the Auction Settlement Amount Notice to the Calculation Agent and the Noteholders in accordance with General Condition 13, as applicable; or
- (b) (if "Settlement Deferral" is specified as applicable) if later, the Maturity Date. For the avoidance of doubt, this shall be without prejudice to Asset Term 4(a) (Cessation of Interest Accrual).

## "Bankruptcy" means a Reference Entity:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement, scheme or composition with or for the benefit of its creditors generally, or such a general assignment, arrangement, scheme or composition becomes effective;
- (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other similar relief under any bankruptcy or insolvency law or other law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition:
  - (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or

- (ii) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof;
- (e) has a resolution passed for its winding-up or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets:
- (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter; or
- (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in sub-paragraphs (a) to (g) (inclusive) above.

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

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

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

"Capped Reference Entity" means, unless otherwise specified in the Final Terms, a Reference Entity having a specified Transaction Type in respect of which "60 Business Day Cap on Settlement" is expressed as applying in the Physical Settlement Matrix.

## "Cash Settlement Date" means:

- (a) the date that is the number of Business Days specified in the Final Terms (or, if a number of Business Days is not specified, three Business Days) immediately following the determination of the Weighted Average Final Price; or
- (b) (if "Settlement Deferral" is specified as applicable) if later, the Maturity Date. For the avoidance of doubt, this shall be without prejudice to Asset Term 4(a) (Cessation of Interest Accrual).

"Change in Law" means that, on or after the Trade Date (as specified in the applicable Final Terms) (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law, solvency, regulatory or capital requirements), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority or financial authority), or the combined effect thereof if occurring more than once, the Issuer determines that:

- (a) it is unable to perform its obligations in respect of the Credit Notes or it has become illegal to hold, acquire or dispose of any relevant hedge positions in respect of the Credit Notes; or
- (b) it or any of its Affiliates would incur a materially increased cost (including, without limitation, in respect of any tax, solvency, regulatory or capital requirements) in maintaining the Credit Notes in issue or in holding, acquiring or disposing of any relevant hedge positions of the Credit Notes.

"CoCo Supplement" means the 2014 CoCo Supplement to the 2014 ISDA Credit Derivatives Definitions, as published by ISDA.

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

"Conforming Reference Obligation" means a Reference Obligation which is a Deliverable Obligation determined in accordance with paragraph (a) of the definition of "Deliverable Obligation".

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

"Credit Derivatives Auction Settlement Terms" means, in relation to any Reference Entity, the Credit Derivatives Auction Settlement Terms published by ISDA, with respect to the relevant Reference Entity, a form of which will be published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and as may be amended from time to time.

"Credit Derivatives Definitions" means the 2014 ISDA Credit Derivatives Definitions, as published by ISDA, and, in addition, if Additional Provisions are specified to be applicable with respect to the Credit Notes in the Final Terms, as supplemented by the Additional Provisions.

"Credit Derivatives Determinations Committee" means each committee established pursuant to the Rules for purposes of reaching certain DC Resolutions in connection with credit derivative transactions in the over-the-counter market, as more fully described in the Rules.

"Credit Event" means, unless otherwise specified in the applicable Final Terms, the occurrence of one or more of Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium, Restructuring, Governmental Intervention or Additional Credit Event as specified with respect to a Reference Entity.

If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon:

- (a) any lack or alleged lack of authority or capacity of the Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;
- (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described;
- (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or
- (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

"Credit Event Backstop Date" means the date specified as such in the Final Terms. The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

"Credit Event Notice" means an irrevocable notice from the Calculation Agent (which may be in writing (including by facsimile and/or email and/or by telephone)) to the Issuer that describes a Credit Event that occurred on or after the Credit Event Backstop Date and on or prior to the Extension Date.

Any Credit Event Notice that describes a Credit Event (other than any Additional Credit Event) that occurred after the Scheduled Termination Date must relate to the relevant Potential Failure to Pay, in the case of a Grace Period Extension Date, or the relevant Potential Repudiation/Moratorium, in the case of a Repudiation/Moratorium Evaluation Date.

A Credit Event Notice that describes a Credit Event other than an M(M)R Restructuring must be in respect of the full Reference Entity Notional Amount.

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred, provided that where an Event Determination Date has occurred pursuant to sub-paragraph (b) of the definition thereof, a reference to the relevant DC Credit Event Announcement shall suffice. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective.

"Credit Event Cash Settlement Amount" means, in relation to any Reference Entity and unless otherwise specified in the Final Terms, an amount in the Settlement Currency as determined by the Calculation Agent in accordance with the formula below:

Credit Event Cash Settlement Amount =  $Max [0, Min (A, [(A \times B) - C])]$ 

Where:

"A" means the Specified Denomination;

"B" means the Weighted Average Final Price, or if so specified in the applicable Final Terms, the Final Price or such other price specified therein; and

"C" means the Unwind Costs (unless the applicable Final Terms specify that Unwind Costs are not applicable, in which event "C" means zero),

provided that in no event shall the Credit Event Cash Settlement Amount be less than zero.

"Credit Event Resolution Request Date" means, with respect to a DC Credit Event Question, the date as publicly announced by the DC Secretary that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which the DC Credit Event Question was effective and on which the relevant Credit Derivatives Determinations Committee was in possession of Publicly Available Information with respect to such DC Credit Event Question.

"Credit Notes" means Notes linked to the credit of a specified entity or entities.

"Credit Note Business Day" means, in respect of any Reference Entity, (a)(i) a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose with respect to such Reference Entity, and/or (ii) a TARGET Settlement Day (if "TARGET" or "TARGET Settlement Day" is specified with respect to such Reference Entity), or (b) if a place or places or such terms are not so specified, (i) if the related Reference Entity Notional Amount is denominated in the euro, a TARGET Settlement Day, or (ii) otherwise, a day on which commercial banks and foreign exchange markets are generally open to settle payments in the principal financial city in the jurisdiction of the currency of denomination of the related Reference Entity Notional Amount.

Business Days referenced in the Physical Settlement Matrix shall be deemed to be Credit Note Business Days.

"Credit Note Dealer" means a dealer in obligations of the type of Obligation(s) (as the case may be) for which quotations are to be obtained (as selected by the Calculation Agent) and may include the Calculation Agent or its Affiliate and a Noteholder or its Affiliate or as may otherwise be specified in the Final Terms.

### "Credit Note Settlement Date" means either:

- (a) the Maturity Date; or
- (b) where an Extension Notice in relation to a Reference Entity is delivered by the Calculation Agent to the Issuer at or prior to 11:00 a.m. (Hong Kong time) on the date falling two Hong Kong Business Days prior to the Maturity Date, the date falling two Business Days after the latest to occur of the expiry of the Notice Delivery Period, the expiry of the Post Dismissal Additional Period or the latest date on which it would be possible for the Calculation Agent or the Issuer to deliver a Credit Event Notice under paragraph (b)(i)(B) or (b)(ii) of the definition of "Event Determination Date".

## "Currency Amount" means with respect to:

- (a) a Deliverable Obligation specified in a Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, or a selected Valuation Obligation that is denominated in a currency other than the Settlement Currency, an amount converted to the Settlement Currency using a conversion rate determined by reference to the Currency Rate; and
- (b) a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, an amount converted to the Settlement Currency (or, if applicable, back into the Settlement Currency) using a conversion rate determined by reference to the Currency Rate, if any, and each Revised Currency Rate used to convert each Replaced Deliverable Obligation Outstanding Amount specified in each NOPS Amendment Notice with respect to that portion of the relevant Reference Entity Notional Amount into the currency of denomination of the relevant Replacement Deliverable Obligation.

# "Currency Rate" means with respect to:

- (a) a Deliverable Obligation specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, or a selected Valuation Obligation, the rate of conversion between the Settlement Currency and the currency in which the Outstanding Amount of such Deliverable Obligation is denominated that is either:
  - (i) determined by reference to the Currency Rate Source as at the Next Currency Fixing Time; or
  - (ii) if such rate is not available at such time, as the Calculation Agent shall determine in good faith and in a commercially reasonable manner; and
- (b) a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, the Revised Currency Rate.
- "Currency Rate Source" means the mid-point rate of conversion published by WM/Reuters at 4:00 p.m. (Hong Kong time), or any successor rate source approved by the relevant Credit Derivatives Determinations Committee.
- "DC Announcement Coverage Cut-off Date" means, with respect to a DC Credit Event Announcement, the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable.
- "DC Credit Event Announcement" means, with respect to a Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Credit Event has occurred on or after the Credit Event Backstop Date and on or prior to the Extension Date, provided that if the Credit Event occurred after the Scheduled Termination Date, the DC Credit Event Announcement must relate to the relevant Potential Failure to

Pay, in the case of a Grace Period Extension Date, or the relevant Potential Repudiation/Moratorium, in the case of a Repudiation/Moratorium Evaluation Date.

"DC Credit Event Meeting Announcement" means, with respect to a Reference Entity, a public announcement by the DC Secretary that a Credit Derivatives Determinations Committee will be convened to Resolve the matters described in a DC Credit Event Question.

"DC Credit Event Question" means a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve whether an event that constitutes a Credit Event has occurred.

"DC Credit Event Question Dismissal" means, with respect to a Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in a DC Credit Event Question.

"DC No Credit Event Announcement" means, with respect to a Reference Entity, a public announcement by the DC Secretary that the relevant Credit Derivatives Determinations Committee has Resolved that an event that is the subject of a DC Credit Event Question does not constitute a Credit Event.

"DC Resolution" has the meaning given to that term in the Rules.

"DC Resolution Reversal Cut-off Date" means the earliest to occur of the Auction Final Price Determination Date, a Valuation Date, a Physical Settlement Date, a Delivery Date, the Credit Note Settlement Date or other redemption or settlement date of the Credit Notes or the date on which instructions are given by or on behalf of the Issuer for any such redemption or settlement or any date, as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner, of termination, settlement, replacement or re-establishment in whole or in part of any Hedge Transaction (or entry into a binding commitment in respect of any of the foregoing) by or on behalf of the Issuer and/or any of its Affiliates (following the occurrence of an Event Determination Date or in reliance on a prior DC Resolution), as applicable.

"DC Secretary" has the meaning given to that term in the Rules.

"Default Requirement" means the amount as may be specified as such in the Final Terms or, if a Transaction Type is specified, the amount specified as such in the Physical Settlement Matrix or its equivalent in the relevant Obligation Currency (or, if no such amount is specified, U.S.\$ 10,000,000 or its equivalent in the relevant Obligation Currency), in either case, as of the occurrence of the relevant Credit Event.

# "Deliver" means:

to deliver, novate, transfer (including, in the case of a Guarantee, transfer of the benefit of the Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title (or, with respect to Deliverable Obligations where only equitable title is customarily conveyed, all equitable title) and interest in the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, to the Issuer or the Noteholders, as the case may be, free and clear of any and all liens, charges, claims or encumbrances (excluding any liens routinely imposed on all securities in a relevant clearance system, but including, without limitation, any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in the definition of "Credit Event") or right of set-off by or of the Reference Entity or any applicable Underlying Obligor) provided that (i) if a Deliverable Obligation is a Direct Loan Participation, "Deliver" means to create (or procure the creation of) a participation in favour of the Issuer or the Noteholders, as the case may be, and (ii) if a Deliverable Obligation is a Guarantee, "Deliver" means to Deliver both the Underlying Obligation and the Guarantee, provided further that if the Guarantee has a Fixed Cap, (A) "Deliver" means to Deliver the Underlying Obligation, the Guarantee and all claims to any amounts which are subject to such Fixed Cap and (B) those claims

shall be deemed to be Deliverable Obligations). "**Delivery**" and "**Delivered**" will be construed accordingly.

In the case of a Loan, Delivery shall be effected using documentation substantially in the form of the documentation customarily used in the relevant market for Delivery of such Loan at that time, provided further that the Issuer and each Noteholder agrees to comply with the provisions of any documentation (which shall include any market advisory that the relevant Credit Derivatives Determinations Committee Resolves to approve for such purpose) that the relevant Credit Derivatives Determinations Committee Resolves constitutes documentation customarily used in the relevant market for Delivery of such Loan at that time, as such documentation may be amended to the extent the relevant Credit Derivatives Determinations Committee Resolves is appropriate, which is consistent with the delivery and payment obligations of the parties hereunder. The Issuer agrees, and each Noteholder is deemed to further agree, that compliance by the Issuer with the provisions of any such documentation shall be required for, and, without further action, constitute, Delivery for the purposes of this definition (to the extent that such documentation contains provisions describing how Delivery should be effected) and neither the Issuer nor any Noteholder shall be permitted to request that any party take nor shall the Issuer or any Noteholder be required to take, any action or make any payment in connection with such Delivery, as applicable, unless otherwise contemplated by such documentation.

(b) If Asset Package Delivery applies, (i) Delivery of a Prior Deliverable Obligation or a Package Observable Bond specified in the Notice of Physical Settlement or NOPS Amendment Notice, as applicable, may be satisfied by Delivery of the related Asset Package, and such Asset Package shall be treated as having the same currency, Outstanding Principal Balance or Due and Payable Amount, as applicable, as the Prior Deliverable Obligation or Package Observable Bond to which it corresponds had immediately prior to the Asset Package Credit Event, (ii) paragraph (a) of the definition of "Deliver" and the relevant provisions on delivery shall be deemed to apply to each Asset in the Asset Package provided that if any such Asset is not a Bond, it shall be treated as if it were a Loan for these purposes, (iii) if the Asset Package is zero, the Outstanding Amount of the Prior Deliverable Obligation or Package Observable Bond shall be deemed to have been Delivered in full three Business Days following the date on which the Issuer or Calculation Agent (on its behalf) has notified the Noteholders of the detailed description of the Asset Package that it intends to Deliver in accordance with the definition of "Notice of Physical Settlement", (iv) the Issuer may satisfy its obligation to make Delivery of the Prior Deliverable Obligation or Package Observable Bond in part by Delivery of each Asset in the Asset Package in the correct proportion and (v) if the relevant Asset is a Non-Transferable Instrument or Non-Financial Instrument, the Asset shall be deemed to be an amount of cash equal to the Asset Market Value.

# "Deliverable Obligation" means:

- (a) any obligation of the relevant Reference Entity (either directly or as provider of a Relevant Guarantee) determined pursuant to the Method for Determining Deliverable Obligations;
- (b) the Reference Obligation;
- (c) solely in relation to a Restructuring Credit Event applicable to a Reference Entity which is a Sovereign, and unless Asset Package Delivery is applicable, any Sovereign Restructured Deliverable Obligation; and
- (d) if Asset Package Delivery is applicable, any Prior Deliverable Obligation (if "Financial Reference Entity Terms" is specified as applicable in respect of the Reference Entity) or any Package Observable Bond (if the Reference Entity is a Sovereign),

in each case, (i) unless it is an Excluded Deliverable Obligation and (ii) provided that the obligation has an Outstanding Principal Balance or Due and Payable Amount that is greater than zero (determined for purposes of paragraph (d), immediately prior to the relevant Asset Package Credit Event).

For purposes of the "Method for Determining Deliverable Obligations", the term "Deliverable Obligation" may be defined as each obligation of the Reference Entity described by the Deliverable

Obligation Category specified in respect of the Reference Entity, and, subject to Asset Term 6 (Provisions relating to Obligation Category and Characteristics and Deliverable Obligation Category and Characteristics), having each of the Deliverable Obligation Characteristics, if any, specified in respect of the Reference Entity, in each case, as of both the NOPS Effective Date and the Delivery Date (unless otherwise specified).

"Deliverable Obligation Category" means one of Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan as specified in relation to a Reference Entity. If any of Payment, Borrowed Money, Loan or Bond or Loan is specified as the Deliverable Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Deliverable Obligation Characteristics, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics. No Deliverable Obligation Characteristics are applicable to Reference Obligation Only.

"Deliverable Obligation Characteristics" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.

"Deliverable Obligation Provisions" in relation to any Reference Entity, has the meaning set forth in the Credit Derivatives Auction Settlement Terms.

"Deliverable Obligation Terms" in relation to any Reference Entity, has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms.

"Delivery Date" means, with respect to a Deliverable Obligation or an Asset Package, the date on which such Deliverable Obligation or Asset Package is Delivered (or deemed Delivered under paragraph (b)(iii) of the definition of "Deliver").

"Direct Loan Participation" means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of each Noteholder that provides each Noteholder with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between each Noteholder and either:

- (a) the Issuer or the Guarantor (as applicable) (in either case, to the extent that the Issuer or the Guarantor (as applicable), is then a lender or member of the relevant lending syndicate), or
- (b) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate).

"Domestic Currency" means the currency specified as such in relation to a Reference Entity and any successor currency thereto. If no currency is so specified, the Domestic Currency shall be the lawful currency and any successor currency of:

- (a) the relevant Reference Entity, if the Reference Entity is a Sovereign; or
- (b) the jurisdiction in which the relevant Reference Entity is organised, if the Reference Entity is not a Sovereign.

"**Domestic Law**" means each of the laws of (a) the Reference Entity, if such Reference Entity is a Sovereign, or (b) the jurisdiction in which the Reference Entity is organized, if such Reference Entity is not a Sovereign.

"Downstream Affiliate" means an entity whose outstanding Voting Shares were, at the date of issuance of the Qualifying Guarantee, more than 50 per cent. owned, directly or indirectly, by the Reference Entity.

"Due and Payable Amount" means the amount that is due and payable by the Reference Entity under the obligation whether by reason of maturity, acceleration, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts) less all or any portion of such amount which, pursuant to the terms of the obligation (a) is subject to any Prohibited Action, or (b) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (i) payment or (ii) a Permitted Contingency), in each case, determined in accordance with the terms of the obligation in effect on either (A) the NOPS Effective Date (or if the terms of the obligation are amended after such date but on or prior to the Delivery Date, the Delivery Date) or (B) the Relevant Valuation Date, as applicable.

"Eligible Information" means information which is publicly available or which can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.

# "Eligible Transferee" means each of the following:

- (a) any:
  - (i) bank or other financial institution;
  - (ii) insurance or reinsurance company;
  - (iii) mutual fund, unit trust or similar collective investment vehicle (other than an entity described in sub-paragraph (c)(i) below); and
  - (iv) registered or licensed broker or dealer (other than a natural person or proprietorship),

provided, however, in each case that such entity has total assets of at least USD 500,000,000;

- (b) an Affiliate of an entity specified in (a) above;
- (c) each of a corporation, partnership, proprietorship, organisation, trust or other entity:
  - (i) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralized debt obligations, commercial paper conduit or other special purpose vehicle) that (I) has total assets of at least USD 100,000,000 or (II) is one of a group of investment vehicles under common control or management having, in aggregate, total assets of at least USD 100,000,000.
  - (ii) that has total assets of at least USD 500,000,000; or
  - (iii) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support, or other agreement by an entity described in paragraphs (a), (b), (c)(ii) or (d) hereof; and
- (d) any:
  - (i) Sovereign; or
  - (ii) entity or organization established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development,

All references in this definition to U.S.\$ or USD include equivalent amounts in other currencies, as determined by the Calculation Agent.

"Event Determination Date" means, in respect of any Credit Event:

- (a) subject to sub-paragraph (b) below, the Notice Delivery Date, if the Notice Delivery Date occurs during either the Notice Delivery Period or the Post Dismissal Additional Period, provided that neither a DC Credit Event Announcement nor a DC No Credit Event Announcement has occurred, in each case, with respect to the Credit Event specified in the Credit Event Notice; or
- (b) notwithstanding sub-paragraph (a) above, if a DC Credit Event Announcement has occurred and the Credit Event Resolution Request Date has occurred on or prior to the last day of the Notice Delivery Period (including prior to the Trade Date), either:
  - (i) the Credit Event Resolution Request Date, if either:
    - (A) (I) the Credit Event is not an M(M)R Restructuring; and
      - (II) the Trade Date occurs on or prior to a DC Announcement Coverage Cut-off Date; or
    - (B) (I) the Credit Event is an M(M)R Restructuring; and
      - (II)a Credit Event Notice is delivered by the Calculation Agent to the Issuer on or prior to the Exercise Cut-off Date; or
  - (ii) if so elected by the Calculation Agent, the first date on which a Credit Event Notice is delivered by the Calculation Agent to the Issuer during either the Notice Delivery Period or the period from and including the date of the DC Credit Event Announcement to and including the date that is 15 Business Days thereafter,

### provided that:

- no Physical Settlement Date or Cash Settlement Date (as applicable) has occurred on or prior to the date on which the DC Credit Event Meeting Announcement occurs;
- (ii) if any Valuation Date or Delivery Date, as applicable, has occurred on or prior to the date on which the DC Credit Event Meeting Announcement occurs, an Event Determination Date shall be deemed to have occurred only with respect to the portion of the Reference Entity Notional Amount, if any, with respect to which no Valuation Date or Delivery Date, as applicable, has occurred; and
- (iii) (no Credit Event Notice specifying an M(M)R Restructuring as the only Credit Event has previously been delivered by the Calculation Agent to the Issuer:
  - (A) unless the M(M)R Restructuring specified in such Credit Event Notice is also the subject of the DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date;
  - (B) unless, and to the extent that, the Exercise Amount specified in any such Credit Event Notice was less than the then outstanding Reference Entity Notional Amount; or
  - (C) unless the Notional Credit Derivative Transaction is an Auction Covered Transaction and the Deliverable Obligations set out on the Final List are identical to the Permissible Deliverable Obligations for such Notional Credit Derivative Transaction.

No Event Determination Date will occur with respect to an event, and any Event Determination Date previously determined with respect to an event shall be deemed not to have occurred, if, or to the extent that, a DC No Credit Event Announcement occurs with respect to the event that, but for such DC No Credit Event Announcement, would have constituted a Credit Event, prior to the DC Resolution Reversal Cut-off Date.

"Excess Amount" means any amount paid to the Noteholders but which was not due on the Credit Notes, as a result of the occurrence of a DC Credit Event Announcement, Event Determination Date or Credit Event Resolution Request Date on or around the date on which the amount in question would otherwise have been required to be paid.

### "Excluded Deliverable Obligation" means:

- (a) any obligation of the Reference Entity specified as such or of a type described in the related Final Terms;
- (b) any principal only component of a Bond from which some or all of the interest components have been stripped; and
- (c) if Asset Package Delivery is applicable, any obligation issued or incurred on or after the date of the relevant Asset Package Credit Event.

### "Excluded Obligation" means:

- (a) any obligation of the Reference Entity specified as such or of a type described in the related Final Terms;
- (b) if "Financial Reference Entity Terms" is specified as applicable in respect of the Reference Entity and the Reference Entity is a Senior Transaction, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Subordinated Obligation; and
- (c) if "Financial Reference Entity Terms" is specified as applicable in respect of the Reference Entity and the Reference Entity is a Subordinated Transaction, then for purposes of determining whether a Governmental Intervention or Restructuring has occurred, any Further Subordinated Obligation.

"Exercise Amount" has the meaning given to it in Asset Term 9(a)(i).

### "Exercise Cut-off Date" means the date that is the later of:

- (a) 65 Business Days following the Final List Publication Date;
- (b) 15 Credit Note Business Days following the Auction Final Price Determination Date, if any;
- (c) 15 Credit Note Business Days following the Auction Cancellation Date, if any; or
- (d) 15 Credit Note Business Days following the No Auction Announcement Date, if any,

or such later date as the relevant Credit Derivatives Determinations Committee Resolves.

### "Extended Physical Settlement Date" means:

- (a) in the case of a Capped Reference Entity, the 60th Credit Note Business Day following the Physical Settlement Date, provided that if, under the terms of a Hedge Transaction, the Original Bonds or Original Loans (or Assets which form part of the Asset Package intended to be Delivered in lieu of a Prior Deliverable Obligation or Package Observable Bond (the "Original Assets"), or any other Deliverable Obligations in lieu thereof), may not be received by the Issuer and/or any of its Affiliates on or before the Extended Physical Settlement Date but the Issuer and/or any of its Affiliates may, in accordance with the terms of the Hedge Transaction, receive or otherwise obtain such Original Bonds or such Original Loans or other Bonds or Loans in lieu thereof or Original Assets or any other Deliverable Obligations in lieu thereof on or before the date falling three Credit Note Business Days (in a case where Original Bonds may be received or otherwise obtained after the Extended Physical Settlement Date) or ten Credit Note Business Days (in a case where Original Loans or other Loans or Bonds in lieu thereof or Original Assets or any other Deliverable Obligations in lieu thereof may be received or otherwise obtained after the Extended Physical Settlement Date) after the Extended Physical Settlement Date, such date may be further extended to a date falling up to three Credit Note Business Days or ten Credit Note Business Days, respectively, after the original Extended Physical Settlement Date, or to such earlier date as the Calculation Agent may determine; and
- (b) in the case of a Non-Capped Reference Entity, such date as the Calculation Agent may select, provided that such date falls no later than the 120th Credit Note Business Day following the

Physical Settlement Date or, in the absence of such selection, such 120th Credit Note Business Day.

### "Extension Date" means the latest of:

- (a) the Scheduled Termination Date;
- (b) the Grace Period Extension Date if:
  - "Failure to Pay" and "Grace Period Extension" are specified as applicable in relation to any Reference Entity;
  - (ii) the Potential Failure to Pay with respect to the relevant Failure to Pay occurs on or prior to the Scheduled Termination Date; and
  - (iii) an Extension Notice is delivered under sub-paragraph (b) of the definition thereof;
- (c) the Repudiation/Moratorium Evaluation Date (if any) if:
  - (i) Repudiation/Moratorium is specified as applicable in relation to any Reference Entity; and
  - (ii) an Extension Notice is delivered under sub-paragraph (c) of the definition thereof.
- **"Extension Notice"** means a notice from the Calculation Agent to the Issuer giving notice of the following in relation to a Reference Entity:
- (a) without prejudice to sub-paragraphs (b), (c) or (d) below, that a Credit Event has occurred or may occur on or prior to the Scheduled Termination Date; or
- (b) that a Potential Failure to Pay has occurred or may occur on or prior to the Scheduled Termination Date; or
- (c) that a Potential Repudiation/Moratorium has occurred or may occur on or prior to the Scheduled Termination Date; or
- (d) that a Credit Event Resolution Request Date has occurred or may occur on or prior to the last day of the Notice Delivery Period.
- "Failure to Pay" means, after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations in accordance with the terms of such Obligations at the time of such failure.

If an occurrence that would constitute a Failure to Pay (a) is a result of a redenomination that occurs as a result of action taken by a Governmental Authority which is of general application in the jurisdiction of such Governmental Authority and (b) a freely available market rate of conversion existed at the time of the redenomination, then such occurrence will be deemed not to constitute a Failure to Pay unless the redenomination itself constituted a reduction in the rate or amount of interest, principal or premium payable (as determined by reference to such freely available market rate of conversion) at the time of such redenomination.

### "Fallback Settlement Event" means:

- (a) an Auction Cancellation Date occurs;
- (b) a No Auction Announcement Date occurs (and in circumstances where the No Auction Announcement Date occurs pursuant to sub-paragraph (b) or (c)(ii) of the definition thereof, the Issuer has not delivered an Auction Settlement Amount Notice specifying an applicable Parallel Auction Settlement Terms on or prior to the Movement Option Cut-off Date);

- (c) a DC Credit Event Question Dismissal occurs; or
- (d) an Event Determination Date has occurred pursuant to sub-paragraph (a) of the definition of "Event Determination Date", and no Credit Event Request Resolution Date has occurred within three Business Days of such Event Determination Date.

"Fallback Settlement Method" means Cash Settlement or Physical Settlement, as specified in the Final Terms.

"Final List" has the meaning given to that term in the Rules.

"Final List Publication Date" means, in respect of a Credit Event, the date on which the last Final List in respect of such Credit Event is published by ISDA.

"Final Price" means the price of the Reference Obligation or, as applicable, any Valuation Obligation, Deliverable Obligation or Undeliverable Obligation, expressed as a percentage of its Outstanding Principal Balance or Due and Payable Amount (or, as the case may be, the Outstanding Amount of the relevant Prior Deliverable Obligation or Package Observable Bond immediately prior to the Asset Package Credit Event), as applicable, determined in accordance with:

- (a) the highest Quotation obtained by the Calculation Agent (or otherwise in accordance with the definition of "Quotation") with respect to the Relevant Valuation Date (or, in the case of a relevant Asset other than Borrowed Money and other than a Non-Transferable Instrument or Non-Financial Instrument, such other market value of the relevant Asset as may be determined by the Calculation Agent in good faith and in a commercially reasonable manner); or
- (b) if the relevant Asset is a Non-Transferable Instrument or Non-Financial Instrument, the relevant Asset Market Value.

For the avoidance of doubt, if the Asset Package is or is deemed to be zero, the Final Price shall be zero.

If "Zero Recovery" is specified as applicable in the Final Terms, the Final Price shall be zero.

"First Ranking Interest" means an Interest which is expressed as being "first ranking", "first priority", or similar ("First Ranking") in the document creating such Interest (notwithstanding that such Interest may not be First Ranking under any insolvency laws of any relevant insolvency jurisdiction of the LPN Issuer).

**"Fixed Cap"** means, with respect to a Guarantee, a specified numerical limit or cap on the liability of the Reference Entity in respect of some or all payments due under the Underlying Obligation, provided that a Fixed Cap shall exclude a limit or cap determined by reference to a formula with one or more variable inputs (and for these purposes, the outstanding principal or other amounts payable pursuant to the Underlying Obligation shall not be considered to be variable inputs).

"Full Quotation" means, in accordance with the bid quotations provided by the Credit Note Dealers, each firm quotation (expressed as a percentage of the Outstanding Principal Balance or Due and Payable Amount, as applicable) obtained from a Credit Note Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation, Deliverable Obligation or, as the case may be, Undeliverable Obligations with an Outstanding Principal Balance or Due and Payable Amount, as applicable, equal to the Quotation Amount.

"Fully Transferable Obligation" means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required in the case of any Deliverable Obligation other than Bonds, in each case, as of both the NOPS Effective Date and the Delivery Date or, as applicable, the Relevant Valuation Date. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition of "Fully Transferable Obligation".

"Further Subordinated Obligation" means, if the Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation, any obligation which is Subordinated thereto.

"Governmental Authority" means (i) any *de facto* or *de jure* government (or any agency, instrumentality, ministry or department thereof); (ii) any court, tribunal, administrative or other governmental, inter-governmental or supranational body; (iii) any authority or any other entity (private or public) either designated as a resolution authority or charged with the regulation or supervision of the financial markets (including a central bank) of the Reference Entity or some or of all of its obligations; or (iv) any other authority which is analogous to any of the entities specified in (i) to (iii).

### "Governmental Intervention" means:

- (a) that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs as a result of action taken or an announcement made by a Governmental Authority pursuant to, or by means of, a restructuring and resolution law or regulation (or any other similar law or regulation), in each case, applicable to the Reference Entity in a form which is binding, irrespective of whether such event is expressly provided for under the terms of such Obligation:
  - (i) any event which would affect creditors' rights so as to cause:
    - (A) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);
    - (B) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
    - (C) a postponement or other deferral of a date or dates for either (I) the payment or accrual of interest, or (II) the payment of principal or premium; or
    - (D) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation;
  - (ii) an expropriation, transfer or other event which mandatorily changes the beneficial holder of the Obligation;
  - (iii) a mandatory cancellation, conversion or exchange; or
  - (iv) any event which has an analogous effect to any of the events specified in (a)(i) to (a)(iii) above.
- (b) For purposes of (a) above, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee.

## "Grace Period" means:

- (a) subject to sub-paragraphs (b) and (c), the applicable grace period with respect to payments under and in accordance with the terms of such Obligation in effect as of the date as of which such Obligation is issued or incurred;
- (b) if "Grace Period Extension" is applicable in relation to the relevant Reference Entity, a Potential Failure to Pay has occurred on or prior to the Scheduled Termination Date and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Termination Date, the Grace Period shall be deemed to be the lesser of such grace period and the period specified as such in the applicable Final Terms or, if no period is specified, thirty calendar days; and
- (c) if, as of the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; provided that, unless Grace Period Extension is

specified as applicable in relation to the relevant Reference Entity, such deemed Grace Period shall expire no later than the Scheduled Termination Date.

"Grace Period Business Day" means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation or if a place or places are not so specified, (a) if the Obligation Currency is the euro, a TARGET Settlement Day, or (b) otherwise, a day on which commercial banks and foreign exchange markets are generally open to settle payments in the principal financial city in the jurisdiction of the Obligation Currency.

### "Grace Period Extension Date" means, if:

- (a) "Grace Period Extension" is specified as applicable in relation to a Reference Entity; and
- (b) a Potential Failure to Pay occurs on or prior to the Scheduled Termination Date,

the date that is the number of days in the Grace Period after the date of such Potential Failure to Pay. If "Grace Period Extension" is not specified as applicable in relation to a Reference Entity, Grace Period Extension shall not apply.

"Guarantee" means a Relevant Guarantee or a guarantee which is the Reference Obligation.

"Hedge Disruption Event" means the Issuer and/or any of its Affiliates has not received the relevant Deliverable Obligations and/or cash under the terms of a Hedge Transaction.

"Hedge Transaction" means any transaction or trading position entered into or held by the Issuer and/or any of its Affiliates to hedge, directly or indirectly, the Issuer's obligations or positions (whether in whole or in part) in respect of the Credit Notes.

"Hedging Disruption" means that the Issuer, the Guarantor, if applicable, and/or any of their respective Affiliates is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) or any futures or options contract(s) it deems necessary to hedge its exposure with respect to the Credit Notes, or (B) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s) or any futures or options contract(s) or any relevant hedge positions relating to the Credit Notes.

"Hong Kong Business Day" means a day on which commercial banks and foreign exchange markets are generally open to settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Hong Kong.

"Increased Cost of Hedging" means that the Issuer, the Guarantor (if applicable) and/or any of their respective Affiliates would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer or the Guarantor, (if applicable), issuing and performing its obligations with respect to the Credit Notes, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer, the Guarantor, (if applicable) and/or any of their respective Affiliates shall not be deemed an Increased Cost of Hedging.

"Indicative Quotation" shall mean each bid quotation obtained from a Credit Note Dealer at the Valuation Time for (to the extent reasonably practicable) an amount of the Undeliverable Obligation equal to the Quotation Amount, which reflects such Credit Note Dealer's reasonable assessment of the price of such Undeliverable Obligation based on such factors as such Credit Note Dealer may consider relevant, which may include historical prices and recovery rates.

"Interest" means, for the purposes of the definition of "First Ranking Interest", a charge, security interest or other type of interest having similar effect.

"ISDA" means the International Swaps and Derivatives Association, Inc. (or any successor thereto).

**"July 2009 Supplement"** means the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions, as published by ISDA on 14 July 2009.

"Largest Asset Package" means, in respect of a Prior Deliverable Obligation or a Package Observable Bond, as the case may be, the package of Assets for which the greatest amount of principal has been or will be exchanged or converted (including by way of amendment), as determined by the Calculation Agent by reference to Eligible Information. If this cannot be determined, the Largest Asset Package will be the package of Assets with the highest immediately realizable value, determined by the Calculation Agent in accordance with the methodology, if any, determined by the relevant Credit Derivatives Determinations Committee.

"Latest Maturity Restructured Bond or Loan" means, in respect of a Reference Entity and a Credit Event that is a Restructuring, the Restructured Bond or Loan with the latest final maturity date.

"Latest Permissible Physical Settlement Date" means, in respect of a Potential Cash Settlement Event in respect of a Deliverable Obligation comprised of Loans where "Partial Cash Settlement of Consent Required Loans", "Partial Cash Settlement of Assignable Loans" or "Partial Cash Settlement of Participations" is specified as applicable in respect of the relevant Reference Entity, the date that is 15 Credit Note Business Days after the Physical Settlement Date, or, in respect of any other Potential Cash Settlement Event, 30 calendar days following the Physical Settlement Date.

"Legacy Reference Entity" has the meaning given to such term in Asset Term 7(c)(ii) above.

"Limitation Date" means, in respect of a Credit Event that is a Restructuring, the first of March 20, June 20, September 20 or December 20 in any year to occur on or immediately following the date that is one of the following numbers of years after the Restructuring Date: 2.5 years (the "2.5-year Limitation Date"), 5 years, 7.5 years, 10 years (the "10-year Limitation Date"), 12.5 years, 15 years or 20 years, as applicable. Limitation Dates shall not be subject to adjustment in accordance with any Business Day Convention.

"Linear Basket Credit Notes" means Credit Notes where the Issuer purchases credit protection from the Noteholders in respect of a basket of Reference Entities (other than on an Nth-to-default basis), as specified in the Final Terms.

"Listed" means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange and, if specified as applicable to an Obligation Category, the Listed Obligation Characteristic shall be applicable only in respect of obligations within that Obligation Category that are Bonds or, if specified as applicable to a Deliverable Obligation Category, the Listed Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Bonds

"Loan" means any obligation of a type included in the Borrowed Money Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money.

"LPN" means any bond issued in the form of a loan participation note.

"LPN Issuer" means the entity which issued the relevant LPN.

"LPN Reference Obligation" means each Reference Obligation other than any Additional Obligation which is issued for the sole purpose of providing funds to the LPN Issuer to finance an Underlying Loan. For the avoidance of doubt, any change to the issuer of an LPN Reference Obligation in accordance with its terms shall not prevent such LPN Reference Obligation from constituting a Reference Obligation.

"Maturity Date" means the date specified as such in the applicable Final Terms which shall not be subject to adjustment in accordance with any Business Day Convention.

- "Maximum Maturity" means an obligation that has a remaining maturity of not greater than:
- (a) the period specified in relation to a Reference Entity; or
- (b) if no such period is so specified, 30 years.
- "Merger Event" means that at any time during the period from (and including) the Trade Date to the Maturity Date, a Reference Entity or any of the Issuer, (if applicable) the Guarantor and/or a Noteholder consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, any of the Issuer, the Guarantor or a Noteholder, as applicable, or a Reference Entity respectively, or a Reference Entity and any of the Issuer, (if applicable) the Guarantor and/or a Noteholder become affiliates.
- "Merger Event Redemption Date" means the date specified as such in the applicable Final Terms.
- "Minimum Quotation Amount" means the amount specified as such in the applicable Final Terms (or its equivalent in the relevant Obligation Currency) or, if no such amount is specified, the lower of:
- (a) U.S.\$ 1,000,000 (or its equivalent in the relevant Obligation Currency); and
- (b) the Quotation Amount.
- "M(M)R Restructuring" means a Restructuring Credit Event in respect of which either "Mod R" or "Mod Mod R" is specified as applicable in respect of the Reference Entity.
- "Modified Eligible Transferee" means any bank, financial institution or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities and other financial assets.
- "Modified Restructuring Maturity Limitation Date" means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Termination Date.

Subject to the foregoing, if the Scheduled Termination Date is later than the 10-year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Termination Date.

"Movement Option Cut-off Date" means the date that is one Relevant City Business Day following the Exercise Cut-off Date (or, if later, such other date as the relevant Credit Derivatives Determinations Committee Resolves) or such earlier date as the Issuer may designate by notice to the Calculation Agent and the Noteholders in accordance with General Condition 13.

## "Multiple Holder Obligation" means an Obligation that:

- (a) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other; and
- (b) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six and two-thirds is required to consent to the event which constitutes a Restructuring Credit Event,

provided that any Obligation that is a Bond shall be deemed to satisfy the requirement in (b) above.

"N" or "Nth" means, where the relevant Final Terms specify that "Nth-to-Default Credit Note" is applicable, such number as may be specified in such Final Terms.

"Next Currency Fixing Time" means 4:00 p.m. (Hong Kong time) on the Hong Kong Business Day immediately following the date on which the Notice of Physical Settlement or relevant NOPs Amendment Notice, as applicable, is effective or, as applicable, the date of selection of Valuation Obligations.

- "No Auction Announcement Date" means, with respect to any Reference Entity and a Credit Event, the date on which the DC Secretary first publicly announces that:
- (a) no Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published with respect to credit derivative transactions in the over-the-counter market and the relevant Credit Event and Reference Entity;
- (b) following the occurrence of an M(M)R Restructuring, no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published; or
- (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held with respect to such Reference Entity and Credit Event following a prior public announcement by the DC Secretary to the contrary, in circumstances where either:
  - (i) no Parallel Auction will be held; or
  - (ii) one or more Parallel Auctions will be held.
- "Non-Capped Reference Entity" means a Reference Entity which is not a Capped Reference Entity.
- "Non-Conforming Reference Obligation" means a Reference Obligation which is not a Conforming Reference Obligation.
- "Non-Conforming Substitute Reference Obligation" means an obligation which would be a Deliverable Obligation determined in accordance with paragraph (a) of the definition of "Deliverable Obligation" on the Substitution Date but for one or more of the same reasons which resulted in the Reference Obligation constituting a Non-Conforming Reference Obligation on the date it was issued or incurred and/or immediately prior to the Substitution Event Date (as applicable).
- "Non-Standard Reference Obligation" means the Original Non-Standard Reference Obligation or if a Substitute Reference Obligation has been determined, the Substitute Reference Obligation.
- "Non-Financial Instrument" means any Asset which is not of the type typically traded in, or suitable for being traded in, financial markets.
- "Non-Transferable Instrument" means any Asset which is not capable of being transferred to institutional investors, excluding due to market conditions.
- "NOPS Amendment Notice" means a notice delivered by the Calculation Agent on behalf of the Issuer (with a copy to the Issuer), to the Noteholders notifying that the Calculation Agent is replacing, in whole or in part, one or more Deliverable Obligations specified in the Notice of Physical Settlement or a prior NOPS Amendment Notice, as applicable, (to the extent the relevant Deliverable Obligation has not been Delivered as of the date such NOPS Amendment Notice is effective).
- "NOPS Effective Date" means the date on which a Notice of Physical Settlement or NOPS Amendment Notice, as the case may be, is delivered by the Issuer or the Calculation Agent (on its behalf).
- "Not Bearer" means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via Euroclear, Clearstream, Luxembourg or any other internationally recognised clearing system and, if specified as applicable to a Deliverable Obligation Category, the Not Bearer Deliverable Obligation Characteristic shall be applicable only in respect of obligations within that Deliverable Obligation Category that are Bonds.
- "Not Domestic Currency" means any obligation that is payable in any currency other than the applicable Domestic Currency, provided that a Standard Specified Currency shall not constitute a Domestic Currency.
- "Not Domestic Issuance" means any obligation other than an obligation that was issued (or reissued, as the case may be), or intended to be offered for sale primarily in the domestic market of the Reference Entity. Any obligation that is registered or, as a result of some other action having been taken for such

purpose, is qualified for sale outside the domestic market of the Reference Entity (regardless of whether such obligation is also registered or qualified for sale within the domestic market of the Reference Entity) shall be deemed not to be issued (or reissued, as the case may be), or intended to be offered for sale primarily in the domestic market of the Reference Entity.

"Not Domestic Law" means any obligation that is not governed by the applicable Domestic Law, provided that the laws of England and the laws of the State of New York shall not constitute a Domestic Law.

"Not Sovereign Lender" means any obligation that is not primarily owed to (A) a Sovereign or (B) any entity or organization established by treaty or other arrangement between two or more Sovereigns including, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development, which shall include, without limitation, obligations generally referred to as "Paris Club debt".

"**Not Subordinated**" means an obligation that is not Subordinated to (I) the Reference Obligation or (II) the Prior Reference Obligation, if applicable.

"Notice Delivery Date" means the first date on which both an effective Credit Event Notice and, unless "Notice of Publicly Available Information" is specified as not applicable, an effective Notice of Publicly Available Information, have been delivered by the Calculation Agent to the Issuer.

"Notice Delivery Period" means the period from and including the Trade Date to and including the date 15 Credit Note Business Days (or such other number of days as may be specified in the Final Terms) after the Extension Date (or, if the relevant Credit Event is an M(M)R Restructuring, the later of such date and the Exercise Cut-off Date).

"Notice of Physical Settlement" means a notice delivered by the Calculation Agent on behalf of the Issuer (with a copy to the Issuer), to the Noteholders on or prior to the latest of:

- (a) 65 Business Days following the Final List Publication Date;
- (b) subject to sub-paragraph (c) below, 25 Credit Note Business Days after the last to occur of the Auction Cancellation Date, the No Auction Announcement Date, the last Parallel Auction Cancellation Date and the last Parallel Notice of Physical Settlement Date (in each case if any and if applicable); and
- (c) in circumstances where the No Auction Announcement Date occurs pursuant to sub-paragraph (b) or (c)(ii) of the definition thereof, the Issuer has not delivered an Auction Settlement Amount Notice specifying an applicable Parallel Auction Settlement Terms to the Calculation Agent by the Movement Option Cut-off Date, 5 Credit Note Business Days following such Movement Option Cut-off Date;
- (d) 30 calendar days following the Event Determination Date; and
- (e) 10 calendar days following the date of the relevant DC Credit Event Announcement or of the relevant DC Credit Event Question Dismissal,

### (the "NOPS Cut-off Date") that:

- (i) confirms that the Issuer intends to redeem the Credit Notes by physical delivery in accordance with Asset Term 5; and
- (ii) contains a detailed description of the Deliverable Obligations that the Issuer intends to Deliver (or procure Delivery of) to the Noteholders, including the Outstanding Amount and the aggregate Outstanding Amount of such Deliverable Obligations.

The Notice of Physical Settlement shall specify Deliverable Obligations having an Outstanding Amount (or the equivalent specified Currency Amount converted at the Currency Rate) on the Settlement

Valuation Date at least equal to the Reference Entity Notional Amount (or, as applicable, Exercise Amount), subject to any Physical Settlement Adjustment.

The Issuer or the Calculation Agent (on its behalf) may, from time to time, deliver to the Noteholders in the manner specified above a NOPS Amendment Notice. A NOPS Amendment Notice shall contain a revised detailed description of each Replacement Deliverable Obligation and shall also specify the Replaced Deliverable Obligation Outstanding Amount. The Outstanding Amount of each Replacement Deliverable Obligation identified in a NOPS Amendment Notice shall be determined by applying the Revised Currency Rate to the relevant Replaced Deliverable Obligation Outstanding Amount. Each such NOPS Amendment Notice must be effective on or prior to the Physical Settlement Date (determined without reference to any change resulting from such NOPS Amendment Notice).

Notwithstanding the foregoing, (i) the Issuer or the Calculation Agent (on its behalf) may correct any errors or inconsistencies in the detailed description of each Deliverable Obligation contained in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, by notice to the Noteholders (given in the manner specified above) prior to the relevant Delivery Date, and (ii) if Asset Package Delivery is applicable, the Issuer or the Calculation Agent (on its behalf) shall, prior to the Delivery Date, notify the Noteholders of the detailed description of the Asset Package, if any, that it intends to Deliver to the Noteholders in lieu of the Prior Deliverable Obligation or Package Observable Bond, if any, specified in the Notice of Physical Settlement or NOPS Amendment Notice, as applicable, it being understood in each case that such notice shall not constitute a NOPS Amendment Notice.

"Notice of Publicly Available Information" means an irrevocable notice from the Calculation Agent (which may be by telephone) to the Issuer that cites Publicly Available Information confirming the occurrence of the Credit Event described in the Credit Event Notice. In relation to a Repudiation/Moratorium Credit Event, the Notice of Publicly Available Information must cite Publicly Available Information confirming the occurrence of both sub-paragraphs (a) and (b) of the definition of "Repudiation/Moratorium". The notice must contain a copy, or a description in reasonable detail, of the relevant Publicly Available Information. If Notice of Publicly Available Information is specified as applicable in respect of the Reference Entity and a Credit Event Notice contains Publicly Available Information, such Credit Event Notice will also be deemed to be a Notice of Publicly Available Information.

"Notional Credit Derivative Transaction" means, with respect to any Credit Note and a Reference Entity, a hypothetical market standard credit default swap transaction entered into by the Issuer, as Buyer (as defined in the Credit Derivatives Definitions), incorporating the terms of the Credit Derivatives Definitions and under the terms of which:

- (a) the "Trade Date" is the Trade Date, if specified in the Final Terms and if not, the Issue Date;
- (b) the "Scheduled Termination Date" is the Scheduled Termination Date;
- (c) the "Reference Entit(y)(ies)" thereunder is (are) such Reference Entit(y)(ies);
- (d) the applicable "Transaction Type", if any, is the Transaction Type for the purposes of such Credit Note; and
- (e) the remaining terms as to credit linkage are consistent with the terms of such Credit Note as it relates to such Reference Entity.

"Nth-to-Default Credit Note" means any First-to-Default Credit Note or any other nth-to-default Credit Notes where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities, as specified in the Final Terms.

### "Obligation" means:

- (a) any obligation of the Reference Entity (either directly or as provider of a Relevant Guarantee) determined pursuant to the Method for Determining Obligations; and
- (b) the Reference Obligation,

in each case, unless it is an Excluded Obligation.

For purposes of the "Method for Determining Obligations", the term "Obligation" may be defined as each obligation of the Reference Entity described by the Obligation Category specified in respect thereof and having each of the Obligation Characteristics, if any, specified in respect thereof, in each case, immediately prior to the Credit Event which is the subject of either the Credit Event Notice or the DC Credit Event Question resulting in the occurrence of the Credit Event Resolution Request Date, as applicable.

"Obligation Acceleration" means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of the Reference Entity under one or more Obligations.

"Obligation Category" means Payment, Borrowed Money, Reference Obligation Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in relation to a Reference Entity.

"Obligation Characteristic" means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance as specified in relation to a Reference Entity.

"Obligation Currency" means the currency or currencies in which an Obligation is denominated.

"Obligation Default" means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default, or other similar condition or event (howsoever described), other than a failure to make any required payment, in respect of the Reference Entity under one or more Obligations.

"Original Bonds" means any Bonds comprising part of the relevant Deliverable Obligations.

"Original Loans" means any Loans comprising part of the relevant Deliverable Obligations.

"Original Non-Standard Reference Obligation" means the obligation of the Reference Entity (either directly or as provider of a guarantee) which is specified as the Reference Obligation in relation to the Reference Entity (if any is so specified) provided that if an obligation is not an obligation of the Reference Entity, such obligation will not constitute a valid Original Non-Standard Reference Obligation for purposes of the Reference Entity (other than for the purposes of determining the Seniority Level and for the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic) unless (a) otherwise specified in the Final Terms by reference to this definition, or (b) the Reference Entity is a Reference Obligation Only Trade.

"Outstanding Amount" means the Outstanding Principal Balance or Due and Payable Amount, as applicable.

The "Outstanding Principal Balance" of an obligation will be calculated as follows:

- (i) first, by determining, in respect of the obligation, the amount of the Reference Entity's principal payment obligations and, where applicable in accordance with Asset Term 6(h) (Accrued Interest), the Reference Entity's accrued but unpaid interest payment obligations (which, in the case of a Guarantee will be the lower of (A) the Outstanding Principal Balance (including accrued but unpaid interest, where applicable) of the Underlying Obligation (determined as if references to the Reference Entity were references to the Underlying Obligor) and (B) the amount of the Fixed Cap, if any);
- (ii) second, by subtracting all or any portion of such amount which, pursuant to the terms of the obligation, (A) is subject to any Prohibited Action, or (B) may otherwise be reduced as a result of the effluxion of time or the occurrence or non-occurrence of an event or circumstance (other than by way of (I) payment or (II) a Permitted Contingency) (the amount determined in paragraph (i)

- less any amounts subtracted in accordance with this paragraph (ii), the "Non-Contingent Amount"); and
- (iii) third, by determining the Quantum of the Claim, which shall then constitute the Outstanding Principal Balance,

in each case, determined:

- (A) unless otherwise specified, in accordance with the terms of the obligation in effect on either (I) the NOPS Effective Date (or if the terms of the obligation are amended after such date but on or prior to the Delivery Date, the Delivery Date), or (II) the Relevant Valuation Date, as applicable; and
- (B) with respect to the Quantum of the Claim only, in accordance with any applicable laws (insofar as such laws reduce or discount the size of the claim to reflect the original issue price or accrued value of the obligation).
- "Package Observable Bond" means, in respect of a Reference Entity which is a Sovereign, any obligation (a) which is identified as such and published by ISDA on its website at www.isda.org from time to time (or any successor website thereto) or by a third party designated by ISDA on its website from time to time and (b) which fell within the definition of Deliverable Obligation set out in paragraph (a) or (b) of the definition of "Deliverable Obligation", in each case, immediately preceding the date on which the relevant Asset Package Credit Event was legally effective.
- "Parallel Auction" means "Auction" as defined in any relevant Parallel Auction Settlement Terms.
- "Parallel Auction Cancellation Date" means "Auction Cancellation Date" as defined in any relevant Parallel Auction Settlement Terms.
- "Parallel Auction Final Price Determination Date" means the "Auction Final Price Determination Date" as defined in any relevant Parallel Auction Settlement Terms.
- "Parallel Auction Settlement Terms" means, following the occurrence of an M(M)R Restructuring, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such M(M)R Restructuring, and for which the Deliverable Obligation Terms are the same as the Deliverable Obligation Provisions which would be applicable to the Notional Credit Derivative Transaction and for which the Notional Credit Derivative Transaction would not be an Auction Covered Transaction.
- "Parallel Notice of Physical Settlement Date" means "Notice of Physical Settlement Date" as defined in the relevant Parallel Auction Settlement Terms.
- "Partial Cash Settlement Amount" means where the applicable Settlement Method is Physical Settlement, an amount determined by the Calculation Agent equal to the aggregate, for each Undeliverable Obligation, of:
- (a) the Final Price of such Undeliverable Obligations multiplied by;
- (b) the relevant Outstanding Principal Balance, Due and Payable Amount or Currency Amount, as applicable, of such Undeliverable Obligation specified in the relevant Notice of Physical Settlement or NOPS Amendment Notice, as applicable.
- "Partial Cash Settlement Date" means the date falling three Credit Note Business Days (unless otherwise specified in relation to a Reference Entity) after the calculation of the Final Price.
- "Payment" means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money.
- "Payment Requirement" means the amount specified as such in the applicable Final Terms or its equivalent in the relevant Obligation Currency (or, if no such amount is specified in the applicable Final Terms, U.S.\$ 1,000,000 or its equivalent as calculated by the Calculation Agent in the relevant

Obligation Currency), in either case, as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

"Permissible Deliverable Obligations" has the meaning set forth in the relevant Credit Derivatives Auction Settlement Terms, being either all or the portion of the Deliverable Obligations included on the Final List pursuant to the Deliverable Obligation Terms that are applicable to that Auction.

"**Permitted Contingency**" means, with respect to an obligation, any reduction to the Reference Entity's payment obligations:

- (a) as a result of the application of:
  - (i) any provisions allowing a transfer, pursuant to which another party may assume all of the payment obligations of the Reference Entity;
  - (ii) provisions implementing the Subordination of the obligation;
  - (iii) provisions allowing for a Permitted Transfer in the case of a Qualifying Guarantee (or provisions allowing for the release of the Reference Entity from its payment obligations in the case of any other Guarantee);
  - (iv) any Solvency Capital Provisions, if "Subordinated European Insurance Terms" is specified as applicable in respect of the Reference Entity; or
  - (v) provisions which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention, if "Financial Reference Entity Terms" is specified as applicable in respect of the Reference Entity; or
- (b) which is within the control of the holders of the obligation or a third party acting on their behalf (such as an agent or trustee) in exercising their rights under or in respect of such obligation.
- "Permitted Transfer" means, with respect to a Qualifying Guarantee, a transfer to and the assumption by any single transferee of such Qualifying Guarantee (including by way of cancellation and execution of a new guarantee) on the same or substantially the same terms, in circumstances where there is also a transfer of all (or substantially all) of the assets of the Reference Entity to the same single transferee.
- "Physical Settlement Adjustment" means a reduction to the Outstanding Amount of Deliverable Obligations specified in a Notice of Physical Settlement or NOPS Amendment Notice, by an amount of Deliverable Obligations having a liquidation value equal to the Unwind Costs (only if positive) rounded upwards to the nearest whole denomination of a Deliverable Obligation, such amount to be determined by the Calculation Agent. For the avoidance of doubt, if the applicable Final Terms specify that Unwind Costs are not applicable, the Physical Settlement Adjustment shall be zero.
- "Physical Settlement Adjustment Rounding Amount" means an amount (if any) equal to the difference between the absolute value of the Physical Settlement Adjustment and the liquidation value of such whole number of Deliverable Obligations as are not required to be Delivered by the Issuer by way of compensation for any Unwind Costs.
- "Physical Settlement Date" means the last day of the longest Physical Settlement Period following the NOPS Cut-off Date as specified in relation to a Reference Entity as the Calculation Agent may designate.
- "Physical Settlement Matrix" means the Credit Derivatives Physical Settlement Matrix Supplement to the Credit Derivatives Definitions, as most recently amended or supplemented as at the Trade Date (unless otherwise specified in relation to a Reference Entity) and as published by ISDA on its website at www.isda.org (or any successor website thereto), provided that any reference therein to:
- (a) "Confirmation" shall be deemed to be a reference to the applicable Final Terms;

- (b) "Floating Rate Payer Specified Denomination" shall be deemed to be a reference to the Specified Currency;
- (c) "Section 1.32" shall be deemed to be a reference to "Credit Event Notice" as defined in these Asset Terms;
- (d) "Section 1.33" shall be deemed to be a reference to Asset Term 9(a); and
- (e) "Section 8.19" shall be deemed to be a reference to "Physical Settlement Period" as defined in these Asset Terms.

Where a Transaction Type is specified in the Final Terms in respect of any Reference Entity, the Physical Settlement Matrix shall apply in accordance with Asset Term 2(a).

"Physical Settlement Period" means, subject to Asset Term 3(e), the number of Credit Note Business Days specified as such in relation to a Reference Entity or, if a number of Credit Note Business Days is not so specified, then, with respect to a Deliverable Obligation specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, the longest number of Credit Note Business Days for settlement in accordance with then current market practice of such Deliverable Obligation, as determined by the Calculation Agent, provided that if the Issuer or Calculation Agent (on its behalf) intends to Deliver an Asset Package in lieu of a Prior Deliverable Obligation or a Package Observable Bond, the Physical Settlement Period shall be thirty Business Days.

"Post Dismissal Additional Period" means the period from and including the date of the DC Credit Event Question Dismissal to and including the date that is 15 Business Days thereafter (provided that the relevant Credit Event Resolution Request Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date or, as applicable, the Issue Date)).

"Potential Cash Settlement Event" means an event beyond the control of the Issuer (including, without limitation, failure of the relevant clearance system; or the failure to obtain any requisite consent with respect to the Delivery of Loans or the non-receipt of any such requisite consents or any relevant participation (in the case of Direct Loan Participation) is not effected; or due to any law, regulation or court order, but excluding market conditions, or any contractual, statutory and/or regulatory restriction relating to the relevant Deliverable Obligation, or due to the failure of the Noteholder to give the Issuer details of accounts for settlement; or a failure of the Noteholder to open or procure the opening of such accounts or if the Noteholders are unable to accept Delivery of the portfolio of Deliverable Obligations for any other reason).

"Potential Failure to Pay" means the failure by the Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations in accordance with the terms of such Obligations at the time of such failure, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations.

"Potential Repudiation/Moratorium" means the occurrence of an event described in sub-paragraph (a) of the definition of "Repudiation/Moratorium".

# "Prior Deliverable Obligation" means:

- (a) if a Governmental Intervention has occurred (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement), any obligation of the Reference Entity which (i) existed immediately prior to such Governmental Intervention, (ii) was the subject of such Governmental Intervention and (iii) fell within the definition of Deliverable Obligation set out in paragraph (a) or (b) of the definition of "Deliverable Obligation", in each case, immediately preceding the date on which such Governmental Intervention was legally effective; or
- (b) if a Restructuring which does not constitute a Governmental Intervention has occurred in respect of the Reference Obligation (whether or not such event is specified as the applicable Credit Event in the Credit Event Notice or the DC Credit Event Announcement), such Reference Obligation, if any.

"Prior Reference Obligation" means, in circumstances where there is no Reference Obligation applicable to a Reference Entity, (I) the Reference Obligation most recently applicable thereto, if any, and otherwise, (II) the obligation specified in the related Final Terms as the Reference Obligation, if any, if such Reference Obligation was redeemed on or prior to the Trade Date and otherwise, (III) any unsubordinated Borrowed Money obligation of the Reference Entity.

"Private-side Loan" means a Loan in respect of which the documentation governing its terms is not publicly available or capable of being made public without violating a law, agreement, understanding or other restriction regarding the confidentiality of such information.

"**Prohibited Action**" means any counterclaim, defense (other than a counterclaim or defense based on the factors set forth in paragraphs (a) to (d) of the definition of "Credit Event") or right of set- off by or of the Reference Entity or any applicable Underlying Obligor.

"Public Source" means each source of Publicly Available Information specified as such in the related Final Terms (or, if no such source is specified, each of Bloomberg, Reuters, Dow Jones Newswires, The Wall Street Journal, The New York Times, Nihon Keizai Shimbun, Asahi Shimbun, Yomiuri Shimbun, Financial Times, La Tribune, Les Echos, The Australian Financial Review and Debtwire (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organized and any other internationally recognized published or electronically displayed news sources).

"Publicly Available Information" means information that reasonably confirms any of the facts relevant to the determination that the Credit Event described in a Credit Event Notice has occurred and which:

- (i) has been published in or on not less than the Specified Number of Public Sources (regardless of whether the reader or user thereof pays a fee to obtain such information);
- (ii) is information received from or published by (A) the Reference Entity (or, if the Reference Entity is a Sovereign, any agency, instrumentality, ministry, department or other authority thereof acting in a governmental capacity (including, without limiting the foregoing, the central bank) of such Sovereign), or (B) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation; or
- (iii) is information contained in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body,

provided that where any information of the type described in paragraphs (ii) or (iii) above is not publicly available, it can only constitute Publicly Available Information if it can be made public without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information.

In relation to any information of the type described in (ii) or (iii) above, the Calculation Agent, the Issuer and/or any other party receiving such information may assume that such information has been disclosed to it without violating any law, agreement, understanding or other restriction regarding the confidentiality of such information and that the party delivering such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to the party receiving such information.

Without limitation, Publicly Available Information need not state (i) in relation to the "Downstream Affiliate" definition, the percentage of Voting Shares owned by the Reference Entity and (ii) that the relevant occurrence (A) has met the Payment Requirement or Default Requirement, (B) is the result of exceeding any applicable Grace Period, or (C) has met the subjective criteria specified in certain Credit Events.

In relation to a Repudiation/Moratorium Credit Event, Publicly Available Information must relate to the events described in both sub-paragraphs (a) and (b) of the definition of "Repudiation/Moratorium".

"Qualifying Affiliate Guarantee" means a Qualifying Guarantee provided by the Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of the Reference Entity.

"Qualifying Guarantee" means a guarantee evidenced by a written instrument (which may include a statute or regulation), pursuant to which the Reference Entity irrevocably agrees, undertakes, or is otherwise obliged to pay all amounts of principal and interest (except for amounts which are not covered due to the existence of a Fixed Cap) due under an Underlying Obligation for which the Underlying Obligor is the obligor, by guarantee of payment and not by guarantee of collection (or, in either case, any legal arrangement which is equivalent thereto in form under the relevant governing law).

A Qualifying Guarantee shall not include any guarantee:

- (a) which is structured as a surety bond, financial guarantee insurance policy or letter of credit (or any legal arrangement which is equivalent thereto in form); or
- (b) pursuant to the terms applicable thereto, the principal payment obligations of the Reference Entity can be discharged, released, reduced, assigned or otherwise altered as a result of the occurrence or non-occurrence of an event or circumstance, in each case, other than:
  - (i) by payment;
  - (ii) by way of Permitted Transfer;
  - (iii) by operation of law;
  - (iv) due to the existence of a Fixed Cap; or
  - (v) due to:
    - (A) provisions permitting or anticipating a Governmental Intervention, if "Financial Reference Entity Terms" is specified as applicable in respect of the Reference Entity; or
    - (B) any Solvency Capital Provisions, if "Subordinated European Insurance Terms" is specified as applicable in respect of the Reference Entity.

If the guarantee or Underlying Obligation contains provisions relating to the discharge, release, reduction, assignment or other alteration of the principal payment obligations of the Reference Entity and such provisions have ceased to apply or are suspended at the time of the relevant determination, in accordance with the terms of such guarantee or Underlying Obligation, due to or following the occurrence of (I) a non- payment in respect of the guarantee or the Underlying Obligation, or (II) an event of the type described in the definition of "Bankruptcy" in respect of the Reference Entity or the Underlying Obligor, then it shall be deemed for these purposes that such cessation or suspension is permanent, notwithstanding the terms of the guarantee or Underlying Obligation.

In order for a guarantee to constitute a Qualifying Guarantee:

- (x) the benefit of such guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation; and
- (y) if a guarantee contains a Fixed Cap, all claims to any amounts which are subject to such Fixed Cap must be capable of being Delivered together with the Delivery of such guarantee.

"Qualifying Participation Seller" means any participation seller that meets the requirements specified in relation to a Reference Entity. If no such requirements are specified, there shall be no Qualifying Participation Seller.

"Quantum of the Claim" means the lowest amount of the claim which could be validly asserted against the Reference Entity in respect of the Non-Contingent Amount if the obligation had become redeemable, been accelerated, terminated or had otherwise become due and payable at the time of the relevant determination, provided that the Quantum of the Claim cannot exceed the Non-Contingent Amount.

"Quotation" means, in respect of any Reference Obligation, Deliverable Obligation or Undeliverable Obligation, as the case may be, each Full Quotation and the Weighted Average Quotation obtained and

expressed as a percentage of its Outstanding Principal Balance or Due and Payable Amount, as applicable, with respect to a Valuation Date in the manner that follows:

The Calculation Agent shall attempt to obtain Full Quotations with respect to each Relevant Valuation Date from five or more Credit Note Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Credit Note Business Day within three Credit Note Business Days of a Relevant Valuation Date, then on the next following Credit Note Business Day (and, if necessary, on each Credit Note Business Day thereafter until the tenth Credit Note Business Day following the applicable Relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Credit Note Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation. If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same Credit Note Business Day on or prior to the tenth Credit Note Business Day following the applicable Relevant Valuation Date the Quotations shall be deemed to be any Full Quotation obtained from a Credit Note Dealer at the Valuation Time on such tenth Credit Note Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Credit Note Dealers at the Valuation Time on such tenth Credit Note Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation shall be deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

### "Ouotation Amount" means:

- (a) with respect to a Reference Obligation, the amount specified in relation to a Reference Entity (which may be specified by reference to an amount in a currency or by reference to the Representative Amount) or, if no amount is so specified, the Reference Entity Notional Amount (or, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in good faith and in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained);
- (b) with respect to each type or issue of Deliverable Obligation to be Delivered on or prior to the Physical Settlement Date, an amount equal to the Outstanding Principal Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency as calculated in the same manner as (a) above) of such Deliverable Obligation; and
- (c) with respect to each type or issue of Undeliverable Obligation, an amount equal to the Outstanding Principal Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency as calculated in the same manner as (a) above) of such Undeliverable Obligation.

"Reference Entity" or "Reference Entities" means the reference entity or reference entities specified in the Final Terms and any Successor to a Reference Entity either:

- (a) identified by the Calculation Agent in accordance with the definition of "Successor" on or following the Trade Date; or
- (b) identified pursuant to a DC Resolution in respect of a Successor Resolution Request Date and publicly announced by the DC Secretary on or following the Trade Date,

shall, in each case, with effect from the Succession Date, be the Reference Entity for the Credit Notes, as the terms of which may be modified pursuant to Asset Term 7.

"Reference Entity Notional Amount" means the amount in which the Issuer has purchased credit protection in respect of one or more Reference Entities, as set out in the Final Terms (or, if no such amount is specified, the Aggregate Nominal Amount or, in the case of Partly Paid Notes, the paid-up Aggregate Nominal Amount of the Credit Notes, in each case, divided by the number of Reference Entities (and, in the case of Instalment Notes, subject to reduction on redemption)), subject to Asset Terms 7 and 9.

"Reference Obligation" means the Standard Reference Obligation, if any, unless:

- (a) "Standard Reference Obligation" is specified as not applicable in relation to a Reference Entity, in which case the Reference Obligation will be the Non-Standard Reference Obligation, if any; or
- (b) (i) "Standard Reference Obligation" is specified as applicable in relation to a Reference Entity (or no election is specified in relation to a Reference Entity), (ii) there is no Standard Reference Obligation and (iii) a Non-Standard Reference Obligation is specified in relation to a Reference Entity, in which case the Reference Obligation will be (A) the Non-Standard Reference Obligation to but excluding the first date of publication of the Standard Reference Obligation and (B) the Standard Reference Obligation from such date onwards, provided that the Standard Reference Obligation that is published would have been eligible to be selected as a Substitute Reference Obligation.

If the Standard Reference Obligation is removed from the SRO List, such obligation shall cease to be the Reference Obligation (other than for purposes of the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic) and there shall be no Reference Obligation unless and until such obligation is subsequently replaced on the SRO List, in which case, the new Standard Reference Obligation in respect of the Reference Entity shall constitute the Reference Obligation.

"Reference Obligation Only" means any obligation that is a Reference Obligation and no Obligation Characteristics (for purposes of determining Obligations) or, as the case may be, no Deliverable Obligation Characteristics (for purposes of determining Deliverable Obligations) shall be applicable where Reference Obligation Only applies.

"Reference Obligation Only Trade" means a Reference Entity in respect of which (a) "Reference Obligation Only" is specified as the Obligation Category and the Deliverable Obligation Category and (b) "Standard Reference Obligation" is specified as not applicable. If the event set out in paragraph (i) of the definition of "Substitution Event" occurs with respect to the Reference Obligation in a Reference Obligation Only Trade, the Issuer shall redeem or cancel, as applicable, all but not some only of the Credit Notes on a date as specified by notice to the Noteholders in accordance with General Condition 13, as applicable, on or after the Substitution Event Date, and at an amount (which may be zero) in respect of each Credit Note equal to the fair market value of such Credit Note taking into account the relevant Substitution Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements all as determined by the Calculation Agent in good faith and in a commercially reasonable manner.

Notwithstanding the definition of "Substitute Reference Obligation", (i) no Substitute Reference Obligation shall be determined in respect of a Reference Obligation Only Trade and (ii) if the events set out in paragraphs (ii) or (iii) of the definition of "Substitution Event" occur with respect to the Reference Obligation in a Reference Obligation Only Trade, such Reference Obligation shall continue to be the Reference Obligation.

"Relevant City Business Day" has the meaning given to that term in the Rules in respect of the relevant Reference Entity.

"Relevant Guarantee" means a Qualifying Affiliate Guarantee or, if "All Guarantees" is specified as applicable in respect of the Reference Entity, a Qualifying Guarantee.

"Relevant Holder" means a holder of the Prior Deliverable Obligation or Package Observable Bond, as the case may be, with an Outstanding Principal Balance or Due and Payable Amount, as applicable, immediately prior to the relevant Asset Package Credit Event, equal to the Outstanding Amount specified in respect of such Prior Deliverable Obligation or Package Observable Bond in the Notice of Physical Settlement, or NOPS Amendment Notice, as applicable.

"Relevant Obligations" means the Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan" and which are outstanding immediately prior to the Succession Date (or, if there is a Steps Plan, immediately prior to the legally effective date of the first succession), provided that:

- (i) any Bonds or Loans outstanding between the Reference Entity and any of its Affiliates, or held by the Reference Entity, shall be excluded;
- (ii) if there is a Steps Plan, the Calculation Agent shall, for purposes of the determination required to be made under the definition of "Successor", make the appropriate adjustments required to take account of any Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan" that are issued, incurred, redeemed, repurchased or cancelled from and including the legally effective date of the first succession to and including the Succession Date;
- (iii) if "Financial Reference Entity Terms" is specified as applicable in respect of the Reference Entity and "Senior Transaction" is applicable in respect of the Reference Entity, the related Relevant Obligations shall only include the Senior Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan"; and
- (iv) if "Financial Reference Entity Terms" is specified as applicable in respect of the Reference Entity, and "Subordinated Transaction" is applicable in respect of the Reference Entity, the related Relevant Obligations shall exclude Senior Obligations and any Further Subordinated Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan", provided that if no such Relevant Obligations exist, "Relevant Obligations" shall have the same meaning as it would if the "Senior Transaction" were applicable in respect of the Reference Entity.

"Relevant Valuation Date" means the Settlement Valuation Date or Valuation Date, as the case may be.

"Replaced Deliverable Obligation Outstanding Amount" means the Outstanding Amount of each Deliverable Obligation identified in the Notice of Physical Settlement or a prior NOPS Amendment Notice, as applicable, that is being replaced.

"Replacement Deliverable Obligation" means each replacement Deliverable Obligation that the Issuer intends to, subject to Asset Term 5, Deliver to the Noteholders in lieu of each original Deliverable Obligation which has not been Delivered as at the date of such NOPS Amendment Notice.

"Replacement Reference Entity" means any entity selected by the Calculation Agent acting in good faith and in a commercially reasonable manner, which is incorporated in the same geographical area, has the same Transaction Type as the Legacy Reference Entity and which is of a similar or better credit quality than the Legacy Reference Entity, as measured by Standard & Poor's Ratings Services and/or by Moody's Investors Service Ltd., at the date of the relevant Succession Date provided that in selecting any Replacement Reference Entity, the Calculation Agent is under no obligation to the Noteholders, the Issuer or any other person and, provided that the Successor selected meets the criteria specified above, is entitled, and indeed will endeavour, to select the least credit-worthy of the Successors. In making any selection, the Calculation Agent will not be liable to account to the Noteholders, the Issuer or any other person for any profit or other benefit to it or any of its affiliates which may result directly or indirectly from any such selection.

"Representative Amount" means an amount that is representative for a single transaction in the relevant market and at the relevant time, such amount to be determined by the Calculation Agent.

"Repudiation/Moratorium" means the occurrence of both of the following events:

- (a) an authorised officer of the Reference Entity or a Governmental Authority:
  - (i) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement; or
  - (ii) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement; and

- (b) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date.
- "Repudiation/Moratorium Evaluation Date" means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Termination Date:
- (a) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of:
  - (i) the date that is 60 days after the date of such Potential Repudiation/Moratorium; and
  - (ii) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date); and
- (b) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium.
- "Resolve" has the meaning given to that term in the Rules, and "Resolved" and "Resolves" shall be interpreted accordingly.
- "Restructured Bond or Loan" means an Obligation which is a Bond or Loan and in respect of which the relevant Restructuring has occurred.

## "Restructuring" means:

- (a) that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of such Obligation or is announced (or otherwise decreed) by the Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation (including, in each case, in respect of Bonds only, by way of an exchange), and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Credit Event Backstop Date and the date as of which such Obligation is issued or incurred:
  - (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals (including by way of redenomination);
  - (ii) a reduction in the amount of principal or premium payable at redemption (including by way of redenomination);
  - (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest, or (B) the payment of principal or premium;
  - (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
  - (v) any change in the currency of any payment of interest, principal or premium to any currency other than the lawful currency of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).
- (b) Notwithstanding the provisions of (a) above, none of the following shall constitute a Restructuring:
  - (i) the payment in euros of interest, principal or premium in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has

- adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
- (ii) the redenomination from euros into another currency, if (A) the redenomination occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority and (B) a freely available market rate of conversion between euros and such other currency existed at the time of such redenomination and there is no reduction in the rate or amount of interest, principal or premium payable, as determined by reference to such freely available market rate of conversion;
- (iii) the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
- (iv) the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity, provided that in respect of (a)(v) only, no such deterioration in the creditworthiness or financial condition of the Reference Entity is required where the redenomination is from euros into another currency and occurs as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority.
- (c) For the purposes of (a) and (b) above and Asset Term 9(e), the term "Obligation" shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Guarantee. In the case of a Guarantee and an Underlying Obligation, references to the Reference Entity in (a) above shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in (b) above shall continue to refer to the Reference Entity.
- (d) If an exchange has occurred, the determination as to whether one of the events described under (a)(i) to (v) above has occurred will be based on a comparison of the terms of the Bond immediately prior to such exchange and the terms of the resulting obligations immediately following such exchange.
- "Restructuring Date" means, with respect to a Restructured Bond or Loan, the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.
- "Restructuring Maturity Limitation Date" means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Termination Date. Notwithstanding the foregoing, if the final maturity date of the Restructured Bond or Loan with the latest final maturity date of any Restructured Bond or Loan occurs prior to the 2.5-year Limitation Date (such Restructured Bond or Loan, a "Latest Maturity Restructured Bond or Loan") and the Scheduled Termination Date occurs prior to the final maturity date of such Latest Maturity Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final maturity date of such Latest Maturity Restructured Bond or Loan.
- "Revised Currency Rate" means, with respect to a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, the rate of conversion between the currency in which the Replaced Deliverable Obligation Outstanding Amount is denominated and the currency in which the Outstanding Amount of such Replacement Deliverable Obligation is denominated that is determined either:
- (a) by reference to the Currency Rate Source as at the Next Currency Fixing Time; or
- (b) if such rate is not available at such time, as the Calculation Agent shall determine in good faith and in a commercially reasonable manner.

"Rules" means the Credit Derivatives Determinations Committee Rules, as published by ISDA on its website at www.isda.org (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof.

"Scheduled Termination Date" means the Maturity Date.

"Senior Obligation" means any obligation which is not Subordinated to any unsubordinated Borrowed Money obligation of the Reference Entity.

"**Senior Transaction**" means a Reference Entity for which (a) the Reference Obligation or Prior Reference Obligation, as applicable, is a Senior Obligation, or (b) there is no Reference Obligation or Prior Reference Obligation.

"Seniority Level" means, with respect to an obligation of the Reference Entity, (a) "Senior Level" or "Subordinated Level" as specified in respect of the Reference Entity, or (b) if no such seniority level is specified in respect of the Reference Entity, "Senior Level" if the Original Non-Standard Reference Obligation is a Senior Obligation or "Subordinated Level" if the Original Non-Standard Reference Obligation is a Subordinated Obligation, failing which (c) "Senior Level".

"**Settlement Currency**" means the currency specified as such in the applicable Final Terms, or if no currency is so specified in the Final Terms, the Specified Currency.

"Settlement Method" means the settlement method specified as such in the Final Terms and if no Settlement Method is specified in the Final Terms, Auction Settlement.

"Settlement Valuation Date" means the date being three Credit Note Business Days prior to the Delivery Date provided that if a Notice of Physical Settlement or NOPS Amendment Notice, as applicable, is given or, as the case may be, changed at any time after the third Credit Note Business Day prior to the Physical Settlement Date, the Settlement Valuation Date shall be the date which is three Credit Note Business Days after such Notice of Physical Settlement or NOPS Amendment Notice, as applicable, is given.

"Single Reference Entity Credit Note" means Credit Notes where the Issuer purchases credit protection from the Noteholders in respect of only one Reference Entity.

"Solvency Capital Provisions" means any terms in an obligation which permit the Reference Entity's payment obligations thereunder to be deferred, suspended, cancelled, converted, reduced or otherwise varied and which are necessary in order for the obligation to constitute capital resources of a particular tier.

"Sovereign" means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority acting in a governmental capacity (including, without limiting the foregoing, the central bank) thereof.

"Sovereign No Asset Package Delivery Supplement" means the 2014 Sovereign No Asset Package Delivery Supplement to the 2014 ISDA Credit Derivatives Definitions, as published by ISDA.

"Sovereign Restructured Deliverable Obligation" means an Obligation of a Reference Entity which is a Sovereign (either directly or as provider of a Relevant Guarantee) (a) in respect of which a Restructuring that is the subject of the Credit Event Notice or DC Credit Event Announcement has occurred and (b) which fell within the definition of a Deliverable Obligation set out in paragraph (a) of the definition of "Deliverable Obligation" immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

"Sovereign Succession Event" means, with respect to a Reference Entity that is a Sovereign, an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other similar event.

"Specified Currency" means an obligation that is payable in the currency or currencies specified as such in respect of the Reference Entity (or, if "Specified Currency" is specified in respect of the

Reference Entity and no currency is so specified, any Standard Specified Currency), provided that if the euro is a Specified Currency, "Specified Currency" shall also include an obligation that was previously payable in the euro, regardless of any redenomination thereafter if such redenomination occurred as a result of action taken by a Governmental Authority of a Member State of the European Union which is of general application in the jurisdiction of such Governmental Authority.

"Specified Number" means the number of Public Sources specified in respect of the Reference Entity (or, if no such number is specified, two).

"SRO List" means the list of Standard Reference Obligations as published by ISDA on its website at www.isda.org from time to time (or any successor website thereto) or by a third party designated by ISDA on its website from time to time.

"Standard Reference Obligation" means the obligation of the Reference Entity with the relevant Seniority Level which is specified from time to time on the SRO List.

"Standard Specified Currencies" means each of the lawful currencies of Canada, Japan, Switzerland, France, Germany, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies (which in the case of the euro, shall mean the currency which succeeds to and replaces the euro in whole).

"Steps Plan" means a plan evidenced by Eligible Information contemplating that there will be a series of successions to some or all of the Relevant Obligations of the Reference Entity, by one or more entities.

"Subordinated Obligation" means any obligation which is Subordinated to any unsubordinated Borrowed Money obligation of the Reference Entity or which would be so Subordinated if any unsubordinated Borrowed Money obligation of the Reference Entity existed.

"Subordinated Transaction" means a Reference Entity for which the Reference Obligation or Prior Reference Obligation, as applicable, is a Subordinated Obligation.

"Subordination" means, with respect to an obligation (the "Second Obligation") and another obligation of the Reference Entity to which such obligation is being compared (the "First Obligation"), a contractual, trust or similar arrangement providing that (I) upon the liquidation, dissolution, reorganization or winding-up of the Reference Entity, claims of the holders of the First Obligation are required to be satisfied prior to the claims of the holders of the Second Obligation, or (II) the holders of the Second Obligation will not be entitled to receive or retain principal payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the First Obligation. "Subordinated" will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, (x) the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement or security arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign and (y) in the case of the Reference Obligation or the Prior Reference Obligation, as applicable, the ranking in priority of payment shall be determined as of the date as of which it was issued or incurred (or in circumstances where the Reference Obligation or a Prior Reference Obligation is the Standard Reference Obligation and "Standard Reference Obligation" is applicable, then the priority of payment of the Reference Obligation or the Prior Reference Obligation, as applicable, shall be determined as of the date of selection) and, in each case, shall not reflect any change to such ranking in priority of payment after such date.

"Substitute Reference Obligation" means, with respect to a Non-Standard Reference Obligation to which a Substitution Event has occurred, the obligation that will replace the Non-Standard Reference Obligation, determined by the Calculation Agent as follows:

(a) The Calculation Agent shall identify the Substitute Reference Obligation in accordance with paragraphs (c), (d) and (e) below to replace the Non-Standard Reference Obligation; provided that

- the Calculation Agent will not identify an obligation as the Substitute Reference Obligation if, at the time of the determination, such obligation has already been rejected as the Substitute Reference Obligation by the relevant Credit Derivatives Determinations Committee and such obligation has not changed materially since the date of the relevant DC Resolution.
- (b) If any of the events set forth under paragraphs (i) or (iii) of the definition of "Substitution Event" have occurred with respect to the Non-Standard Reference Obligation, the Non-Standard Reference Obligation will cease to be the Reference Obligation (other than for purposes of the "Not Subordinated" Obligation Characteristic or "Not Subordinated" Deliverable Obligation Characteristic and paragraph (c)(ii) below). If the event set forth in paragraph (ii) of the definition of "Substitution Event" has occurred with respect to the Non-Standard Reference Obligation and no Substitute Reference Obligation is available, the Non-Standard Reference Obligation will continue to be the Reference Obligation until the Substitute Reference Obligation is identified or, if earlier, until any of the events set forth under paragraphs (i) or (iii) of the definition of "Substitution Event" occur with respect to such Non-Standard Reference Obligation.
- (c) The Substitute Reference Obligation shall be an obligation that on the Substitution Date:
  - (i) is a Borrowed Money obligation of the Reference Entity (either directly or as provider of a guarantee);
  - (ii) satisfies the Not Subordinated Deliverable Obligation Characteristic as of the date it was issued or incurred (without reflecting any change to the priority of payment after such date) and on the Substitution Date; and
  - (iii) (A) if the Non-Standard Reference Obligation was a Conforming Reference Obligation when issued or incurred and immediately prior to the Substitution Event Date:
    - (I) is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of "Deliverable Obligation"; or if no such obligation is available,
    - (II) is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (a) of the definition of "Deliverable Obligation";
    - (B) if the Non-Standard Reference Obligation was a Bond (or any other Borrowed Money obligation other than a Loan) which was a Non-Conforming Reference Obligation when issued or incurred and/or immediately prior to the Substitution Event Date:
      - (I) is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available,
      - (II) is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of "Deliverable Obligation"; or if no such obligation is available.
      - (III) is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available,
      - (IV) is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (a) of the definition of "Deliverable Obligation"; or
    - (C) if the Non-Standard Reference Obligation was a Loan which was a Non- Conforming Reference Obligation when incurred and/or immediately prior to the Substitution Event Date:
      - (I) is a Non-Conforming Substitute Reference Obligation which is a Loan (other than a Private-side Loan); or if no such obligation is available,

- (II) is a Non-Conforming Substitute Reference Obligation (other than a Loan); or if no such obligation is available,
- (III) is a Deliverable Obligation (other than a Loan) determined in accordance with paragraph (a) of the definition of "Deliverable Obligation"; or if no such obligation is available,
- (IV) is a Loan (other than a Private-side Loan) which constitutes a Deliverable Obligation determined in accordance with paragraph (a) of the definition of "Deliverable Obligation".
- (d) If more than one potential Substitute Reference Obligation is identified pursuant to the process described in paragraph (c), the Substitute Reference Obligation will be the potential Substitute Reference Obligation that most closely preserves the economic equivalent of the delivery and payment obligations of the Credit Notes, as determined by the Calculation Agent. The Substitute Reference Obligation determined by the Calculation Agent shall, without further action, replace the Non-Standard Reference Obligation.
- (e) If a Substitution Event has occurred with respect to the Non-Standard Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for the Non-Standard Reference Obligation, then, subject to paragraph (a) and notwithstanding the fact that the Non-Standard Reference Obligation may have ceased to be the Reference Obligation in accordance with paragraph (b), the Calculation Agent shall continue to attempt to identify the Substitute Reference Obligation.

"Substitute Reference Obligation Resolution Request Date" means, with respect to a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve a Substitute Reference Obligation to the Non-Standard Reference Obligation, the date, as publicly announced by the DC Secretary, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

"Substitution Date" means, with respect to a Substitute Reference Obligation, the date on which the Calculation Agent identifies the Substitute Reference Obligation in accordance with the definition of "Substitute Reference Obligation".

"Substitution Event" means, with respect to the Non-Standard Reference Obligation:

- (i) the Non-Standard Reference Obligation is redeemed in whole;
- (ii) the aggregate amounts due under the Non-Standard Reference Obligation have been reduced by redemption or otherwise below USD 10,000,000 (or its equivalent in the relevant Obligation Currency, as determined by the Calculation Agent); or
- (iii) for any reason, other than due to the existence or occurrence of a Credit Event, the Non-Standard Reference Obligation is no longer an obligation of the Reference Entity (either directly or as provider of a guarantee).

For purposes of identification of the Non-Standard Reference Obligation, any change in the Non-Standard Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, constitute a Substitution Event.

If an event described in paragraphs (i) or (ii) of the definition of "Substitution Event" has occurred on or prior to the Trade Date, then a Substitution Event shall be deemed to have occurred pursuant to such paragraph (i) or (ii), as the case may be, on the Trade Date.

"Substitution Event Date" means, with respect to the Reference Obligation, the date of the occurrence of the relevant Substitution Event.

"succeed" for the purposes of the provisions relating to the determination of a Successor and the definitions of "Successor" and "Sovereign Succession Event", means, with respect to a Reference Entity

and its Relevant Obligations, that an entity other than the Reference Entity (i) assumes or becomes liable for such Relevant Obligations whether by operation of law or pursuant to any agreement (including, with respect to a Reference Entity that is a Sovereign, any protocol, treaty, convention, accord, concord, entente, pact or other agreement), or (ii) issues Bonds or incurs Loans (the "Exchange Bonds or Loans") that are exchanged for Relevant Obligations, and in either case the Reference Entity is not thereafter a direct obligor or a provider of a Relevant Guarantee with respect to such Relevant Obligations or such Exchange Bonds or Loans, as applicable. For purposes of the provisions relating to the determination of a Successor and the definitions of "Successor" and "Sovereign Succession Event", "succeeded" and "succession" shall be construed accordingly.

"Succession Date" means the legally effective date of an event in which one or more entities succeed to some or all of the Relevant Obligations of the Reference Entity; provided that if at such time, there is a Steps Plan, the Succession Date will be the legally effective date of the final succession in respect of such Steps Plan, or if earlier (i) the date on which a determination pursuant to the definition of "Successor" would not be affected by any further related successions in respect of such Steps Plan, or (ii) the occurrence of an Event Determination Date in respect of the Reference Entity or any entity which would constitute a Successor.

"Successor Backstop Date" means for purposes of any Successor determination determined by DC Resolution, the date that is ninety calendar days prior to the Successor Resolution Request Date otherwise, the date that is ninety calendar days prior to the earlier of (i) the date on which the Calculation Agent determines a succession (or, in relation to a Reference Entity that is a Sovereign, a Sovereign Succession Event) has occurred and (ii) the Successor Resolution Request Date, in circumstances where (A) a Successor Resolution Request Date has occurred, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to make a Successor determination and (C) the Calculation Agent determines, not more than fifteen Credit Note Business Days after the day on which the DC Secretary publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to make a Successor determination, a succession (or, in relation to a Reference Entity that is a Sovereign, a Sovereign Succession Event) has occurred. The Successor Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

"Successor" means, subject to Asset Term 7(a)(ii), the entity or entities, if any, determined as follows:

- (i) subject to paragraph (vii) below, if one entity succeeds, either directly or as a provider of a Relevant Guarantee, to seventy-five per cent or more of the Relevant Obligations of the Reference Entity, that entity will be the sole Successor in respect of the relevant Reference Entity;
- (ii) if only one entity succeeds, either directly or as a provider of a Relevant Guarantee, to more than twenty-five per cent (but less than seventy-five per cent) of the Relevant Obligations of the Reference Entity, and not more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than twentyfive per cent of the Relevant Obligations will be the sole Successor in respect of the relevant Reference Entity;
- (iii) if more than one entity each succeeds, either directly or as a provider of a Relevant Guarantee, to more than twenty-five per cent of the Relevant Obligations of the Reference Entity, and not more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than twenty-five per cent of the Relevant Obligations will each be a Successor;
- (iv) if one or more entities each succeeds, either directly or as a provider of a Relevant Guarantee, to more than twenty-five per cent of the Relevant Obligations of the Reference Entity, and more than twenty-five per cent of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor;
- (v) if one or more entities succeed, either directly or as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twenty-five per cent of the Relevant Obligations of the Reference Entity and the Reference Entity

- continues to exist, there will be no Successor and the Reference Entity will not be changed in any way as a result of such succession;
- (vi) if one or more entities succeed, either directly or as a provider of a Relevant Guarantee, to a portion of the Relevant Obligations of the Reference Entity, but no entity succeeds to more than twentyfive per cent of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations will be the Successor (provided that if two or more entities succeed to an equal percentage of Relevant Obligations, each such entity will be a Successor); and
- (vii) in respect of a Reference Entity which is not a Sovereign, if one entity assumes all of the obligations (including at least one Relevant Obligation) of the Reference Entity, and at the time of the determination either (A) the Reference Entity has ceased to exist, or (B) the Reference Entity is in the process of being dissolved (howsoever described) and the Reference Entity has not issued or incurred any Borrowed Money obligation at any time since the legally effective date of the assumption, such entity (the "Universal Successor") will be the sole Successor for the relevant Reference Entity.
- "Successor Resolution Request Date" means, with respect to a notice to the DC Secretary requesting that a Credit Derivatives Determinations Committee be convened to Resolve one or more Successors to the Reference Entity, the date, as publicly announced by the DC Secretary, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.
- "Surviving Reference Entity" has the meaning given to such term in Asset Term 7(c)(ii) above.
- "TARGET Settlement Day" means any day on which TARGET2 (the Trans-European Automated Real-time Gross settlement Express Transfer system) is open.
- "Trade Date" means the date specified as such in the applicable Final Terms.
- "Transaction Auction Settlement Terms" means, in respect of any Reference Entity and a related Credit Event, the Credit Derivatives Auction Settlement Terms published by ISDA in respect of such Credit Event and in respect of which the Notional Credit Derivative Transaction would be an Auction Covered Transaction.
- "**Transaction Type**" means, unless otherwise specified in the Final Terms, each "Transaction Type" specified as such in the Physical Settlement Matrix from time to time.
- "**Transferable**" means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction, provided that none of the following shall be considered contractual, statutory or regulatory restrictions:
- (a) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation);
- (b) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds; or
- (c) restrictions in respect of blocked periods on or around payment dates or voting periods.
- "Undeliverable Obligation" means a Deliverable Obligation included in the Notice of Physical Settlement or NOPS Amendment Notice, as applicable, which, on the Settlement Date for such Deliverable Obligation, the Calculation Agent determines for any reason (including without limitation, failure by the Noteholder to deliver an market conditions or the non-receipt of any requisite consents with respect to the Delivery of Loans) it is impossible or illegal to Deliver on the Settlement Date.
- "Underlying Finance Instrument" means where the LPN Issuer provides finance to the Reference Entity by way of a deposit, loan or other Borrowed Money instrument.

"Underlying Loan" means where the LPN Issuer provides a loan to the Reference Entity.

"Underlying Obligation" means, with respect to a guarantee, the obligation which is the subject of the guarantee.

"Underlying Obligor" means with respect to an Underlying Obligation, the issuer in the case of a Bond, the borrower in the case of a Loan, or the principal obligor in the case of any other Underlying Obligation.

"Unwind Costs" means the amount specified in the applicable Final Terms or if "Standard Unwind Costs" are specified in the applicable Final Terms (or in the absence of such specification), an amount, subject to a minimum of zero, determined by the Calculation Agent equal to the sum of (without duplication) all costs, expenses (including loss of funding), tax and duties incurred by the Issuer in connection with the redemption, settlement, cancellation and/or termination of the Credit Notes and the related termination, settlement or re-establishment of any Hedge Transaction, such amount to be apportioned pro rata amongst the outstanding (and in the case of Partly Paid Notes, paid-up) nominal amount of each Credit Note equal to the Specified Denomination set out in the applicable Final Terms.

### "Valuation Date" means:

- (a) any Credit Note Business Day falling between the 55th and the 122nd Credit Note Business Day following the Event Determination Date (or, if the Event Determination Date occurs pursuant to sub-paragraph (b) above of the definition of "Event Determination Date", the day on which the DC Credit Event Announcement occurs, if later), or, following any Auction Cancellation Date or No Auction Announcement Date, such later Credit Note Business Day, (in each case, as selected by the Calculation Agent in its sole and absolute discretion); or
- (b) if "Cash Settlement" is applicable as a Fallback Settlement Method, any Credit Note Business Day falling between the 55th and the 122nd Credit Note Business Day following the Event Determination Date, or, following any Auction Cancellation Date or No Auction Announcement Date, such later Credit Note Business Day, (in each case, as selected by the Calculation Agent in its sole and absolute discretion); or
- (c) if Partial Cash Settlement applies, the date which is up to fifteen Credit Note Business Days after the Latest Permissible Physical Settlement Date or, as applicable the Extended Physical Settlement Date (as selected by the Calculation Agent in its sole and absolute discretion).
- "Valuation Obligation" means, in respect of a Reference Entity, notwithstanding anything to the contrary in the Asset Terms, one or more obligations of such Reference Entity (either directly or as provider of a Relevant Guarantee) which is capable of being specified in a Notice of Physical Settlement (or in any NOPS Amendment Notice, as applicable) if Physical Settlement were the applicable Settlement Method and/or any Asset in the related Asset Package in respect of a Prior Deliverable Obligation or Package Observable Bond, in each case, as selected by the Issuer in its sole and absolute discretion on or prior to the applicable Valuation Date, provided that, for such purpose:
- (a) any reference to "Delivery Date" or "NOPS Effective Date" in the definitions of "Conditionally Transferable Obligation", "Deliverable Obligation", within any of the terms comprising "Deliverable Obligation Category" or "Deliverable Obligation Characteristic" and "Due and Payable Amount" shall be deemed to be a reference to the words "Relevant Valuation Date"; and
- (b) in respect of any Asset in the related Asset Package in respect of a Prior Deliverable Obligation or Package Observable Bond, any reference to "Outstanding Principal Balance", "Due and Payable Amount" or "Outstanding Amount" in the definitions of "Final Price", "Full Quotation", "Quotation", "Quotation Amount" and "Weighted Average Quotation" shall be deemed to be a reference to the words "Outstanding Amount of the relevant Prior Deliverable Obligation or Package Observable Bond immediately prior to the Asset Package Credit Event".

For the avoidance of doubt, the use of Deliverable Obligation terms in the definition of "Valuation Obligation" is for convenience only and is not intended to amend the selected settlement method.

"Valuation Obligations Portfolio" means one or more Valuation Obligations of a Reference Entity selected by the Calculation Agent in its discretion, each in an Outstanding Amount (or, as the case may be, an Outstanding Amount of the relevant Prior Deliverable Obligation or Package Observable Bond immediately prior to the Asset Package Credit Event) selected by the Calculation Agent in its sole and absolute discretion (and references to "Quotation Amount" shall be construed accordingly), provided that the aggregate of such Outstanding Amounts (or in each case the equivalent in the Specified Currency thereof (converted at the foreign exchange rate prevailing on any date from (and including) the Event Determination Date to (and including) the Valuation Date, as selected by the Calculation Agent in its sole and absolute discretion)), shall not exceed the relevant Reference Entity Notional Amount.

"Valuation Time" means the time specified in relation to a Reference Entity or, if no such time is specified, 11:00 a.m. in the principal trading market for the relevant Valuation Obligation or Undeliverable Obligation, as the case may be.

"Voting Shares" means the shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

"Weighted Average Final Price" means the weighted average of the Final Prices determined for each selected Valuation Obligation in the Valuation Obligations Portfolio, weighted by the Currency Amount of each such Valuation Obligation (or its equivalent in the Settlement Currency converted by the Calculation Agent in good faith and in a commercially reasonable manner by reference to exchange rates in effect at the time of such determination).

If "Zero Recovery" is specified as applicable in the Final Terms, the Weighted Average Final Price shall be zero.

"Weighted Average Quotation" means, in accordance with the bid quotations provided by the Credit Note Dealers, the weighted average of firm quotations obtained from the Credit Note Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation, Deliverable Obligation or Undeliverable Obligation, as the case may be, with an Outstanding Principal Balance or Due and Payable Amount, as applicable (or its equivalent in the relevant currency converted by the Calculation Agent in good faith and in a commercially reasonable manner by reference to exchange rates in effect at the time of such determination), of as large a size as available but less than the Quotation Amount (in the case of Deliverable Obligations only, but of a size at least equal to the Minimum Quotation Amount) that in the aggregate are approximately equal to the Quotation Amount.

# 2. General

# (a) Physical Settlement Matrix

Where a Transaction Type is specified in the Final Terms in respect of any Reference Entity, then the provisions of these Asset Terms shall apply with respect to such Reference Entity in accordance with the Physical Settlement Matrix as it applies to such Transaction Type, as though such Physical Settlement Matrix were set out in full in the Final Terms, subject to such modification as specified in the Final Terms.

### (b) Additional Provisions

If, in accordance with the specified Transaction Type or otherwise, any Additional Provisions are applicable, these Asset Terms shall take effect subject to the provisions thereof.

# (c) Linear Basket Credit Notes

If the Credit Notes are Linear Basket Credit Notes, then the provisions of these Asset Terms relating to redemption or settlement of Credit Notes following the occurrence of an Event Determination Date, extension of maturity of Credit Notes on delivery of an Extension Notice, cessation or suspension of accrual of interest or accrual and payment of interest following the Maturity Date shall apply separately with respect to each Reference Entity and a portion of each Credit Note corresponding to the Reference Entity Notional Amount divided by the number of Credit Notes then in issue. The remaining provisions of these Asset Terms shall be construed accordingly.

# 3. Redemption

### (a) Redemption or Expiration absent Event Determination Date

The Issuer will redeem each Credit Note on the related Credit Note Settlement Date (as such date may be extended in accordance with the definition thereof) by payment of an amount equal to the outstanding principal amount of such Note (or, in the case of Linear Basket Credit Notes, the relevant portion thereof) (together with interest, if any, payable thereon) unless:

- (a) the Credit Notes have been previously redeemed or purchased and cancelled in full (including pursuant to Asset Terms 3(b), 3(c) or 3(d); or
- (b) an Event Determination Date has occurred, in which event the Issuer shall redeem the Credit Notes in accordance with Asset Term 3(b).

# (b) Redemption or Settlement following Event Determination Date

Upon the occurrence of an Event Determination Date in relation to any Reference Entity, then each Credit Note (or, in the case of Linear Basket Credit Notes, the relevant portion thereof) will be subject to redemption on the Event Determination Date and will be subject to settlement:

- (a) if the applicable Settlement Method is Auction Settlement, by payment of its pro rata share (such amount to be apportioned pro rata amongst the outstanding (and in the case of Partly Paid Notes, paid-up) nominal amount of each Credit Note corresponding to the Specified Denomination) of the Auction Settlement Amount on the Auction Settlement Date, unless a Fallback Settlement Event occurs, in which event the Issuer shall perform its respective payment and/or delivery obligations in accordance with the applicable Fallback Settlement Method. If an Event Determination Date occurs with respect to a new Credit Event following the occurrence of a Fallback Settlement Event with respect to a first Credit Event and no Fallback Settlement Event occurs with respect to such new Credit Event, the Issuer shall, if it so elects on or prior to a related Valuation Date or Delivery Date, redeem or settle, as applicable, the Credit Notes in accordance with this Asset Term 3(b)(a) by Auction Settlement;
- (b) if the applicable Settlement Method is Physical Settlement, in accordance with Asset Term 5; and
- (c) if the applicable Settlement Method is Cash Settlement, by payment of its pro rata share (such amount to be apportioned pro rata amongst the outstanding (and in the case of Partly Paid Notes, paid-up) nominal amount of each Credit Note corresponding to the Specified Denomination) of the Credit Event Cash Settlement Amount on the Cash Settlement Date.

Where the Credit Notes are Nth-to-Default Credit Notes, an Event Determination Date shall be deemed not to occur with respect to the Credit Notes until an Event Determination Date occurs with respect to the Nth Reference Entity. Where the Credit Notes are Nth-to-Default Credit Notes and an Event Determination Date occurs with respect to more than one Reference Entity on the same day, the Calculation Agent shall determine the order in which such Event Determination Date occurred.

#### (c) Redemption following a Merger Event

If this Asset Term 3(c) is specified as applicable in the applicable Final Terms, if the Calculation Agent determines that a Merger Event has occurred, the Issuer may give notice to the Noteholders in accordance with General Condition 13, as applicable, and redeem all but not some only of the Credit Notes on the Merger Event Redemption Date, and if the Credit Notes are so redeemed, the Issuer shall pay an amount to each Noteholder in respect of each Credit Note, which amount shall be the fair market value of the Credit Note taking into account the Merger Event less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements (including without limitation any Unwind Costs), all as determined by the Calculation Agent in good faith and in a commercially reasonable manner.

#### (d) Additional Credit Note Disruption Events

If the Calculation Agent determines that an Additional Credit Note Disruption Event has occurred, the Issuer may redeem the Credit Notes by giving notice to Noteholders in accordance with General Condition 13, as applicable. If the Credit Notes are so redeemed, the Issuer will pay an amount to each Noteholder in respect of each Credit Note equal to the fair market value of such Credit Note taking into account the Additional Credit Note Disruption Event, less the cost to the Issuer and/or its Affiliates of unwinding any underlying related hedging arrangements all as determined by the Calculation Agent in good faith and in a commercially reasonable manner. Payments will be made in such manner as shall be notified to the Noteholders in accordance with General Condition 13.

# (e) Suspension of Obligations

If there is a DC Credit Event Question in relation to any Reference Entity, then (unless the Issuer otherwise elects by notice to the Calculation Agent and the Noteholders) from the date of such DC Credit Event Question (and notwithstanding that the relevant Credit Derivatives Determinations Committee has yet to determine whether Publicly Available Information is available or that a Credit Event has occurred):

- (i) any obligation of the Issuer to redeem or settle any Credit Note (including pursuant to Asset Term 3(b)) or pay any amount of interest which would otherwise be due thereon (and the timing requirements of the Cash Settlement Date, Valuation Date, Relevant Valuation Date, NOPS Cutoff Date, Physical Settlement Period and any other provisions pertaining to settlement) shall, insofar as it relates to the relevant Reference Entity;
- (ii) if the Final Terms specifies that "Calculation and Settlement Suspension" applies, any obligation of the Issuer to redeem or settle any Credit Note (including pursuant to Asset Term 3(b)) (and the timing requirements of the Cash Settlement Date, Valuation Date, Relevant Valuation Date, NOPS Cut-off Date, Physical Settlement Period and any other provisions pertaining to settlement) insofar as it relates to the relevant Reference Entity, or pay any amount of interest which would otherwise be due thereon or any obligation of the Calculation Agent to calculate any amount of interest (in each case, regardless of whether any such interest relates to the relevant Reference Entity), shall,

be and remain suspended until the date of the relevant DC Credit Event Announcement, DC No Credit Event Announcement or DC Credit Event Question Dismissal.

During such suspension period, the Issuer shall not be obliged to, nor entitled to, take any action in connection with the settlement of the Credit Notes, in each case insofar as they relate to the relevant Reference Entity, or in connection with the payment of any applicable interest on the Credit Notes, nor, if the Final Terms specifies that "Calculation and Settlement Suspension" applies, shall the Calculation Agent be obliged to take any action in connection with the calculation of any amount of interest (in each case, if the Final Terms specifies that "Calculation and Settlement Suspension" applies, regardless of whether any such interest relates to the relevant Reference Entity). Once the relevant DC Credit Event Announcement, DC No Credit Event Announcement or DC Credit Event Question Dismissal has occurred, such suspension shall terminate and any obligations so suspended shall resume on the Credit Note Business Day following such public announcement by ISDA, with the Issuer and, as the case may be, the Calculation Agent having the benefit of the full day notwithstanding when the suspension began. Any amount of interest so suspended shall, subject always to Asset Term 4(a), become due on a date selected by the Calculation Agent falling not later than fifteen Business Days following such public announcement by ISDA.

For the avoidance of doubt, no interest shall accrue on any payment of interest or any other amounts which are deferred in accordance with this Asset Term 3(e).

# (f) Miscellaneous provisions relating to Redemption or Settlement

If the Credit Notes are partially redeemed or settled, the relevant Credit Notes or, if the Credit Notes are represented by a Global Certificate, such Global Certificate, shall be endorsed to reflect such partial redemption or settlement. Upon such partial redemption or settlement, the outstanding notional amount or outstanding principal amount of each Credit Note shall be reduced for all purposes (including accrual of interest thereon) accordingly.

Redemption or settlement of any Credit Note in accordance with this Asset Term 3, together with payment of interest, if any, due thereon shall discharge all or the relevant portion of the obligations of the Issuer in relation thereto.

Any amount payable under Asset Term 3(b) shall be rounded downwards to the nearest sub-unit of the relevant currency.

#### 4. Interest

#### (a) Cessation of Interest Accrual

Upon the occurrence of an Event Determination Date in respect of any Reference Entity, interest on such Credit Note (or, in the case of Linear Basket Credit Notes, the relevant portion thereof) shall cease to accrue with effect from and including:

### (a) either:

- (i) the Interest Payment Date; or
- (ii) if so specified in the Final Terms, the Interest Period End Date,

immediately preceding such Event Determination Date (or, in the case of the first Interest Period, the Interest Commencement Date); or

(b) if so specified in the Final Terms, such Event Determination Date.

# (b) Interest following Scheduled Maturity

Subject always to Asset Term 4(a), if an Extension Notice has been given (other than pursuant to paragraph (d) of the definition of "Extension Notice"), each Credit Note (or, in the case of Linear Basket Credit Notes, the relevant portion thereof) which is outstanding following the Maturity Date, shall continue to bear interest from (and including) the Maturity Date, to (but excluding) the related Credit Note Settlement Date at a rate of interest equal to either:

- (a) the rate that the Calculation Agent would pay to an independent customer in respect of overnight deposits in the currency of the Credit Notes; or
- (b) such other rate as shall be specified for such purpose in the Final Terms.

For the avoidance of doubt, if an Extension Notice has been given pursuant to paragraph (d) of the definition thereof, no interest shall accrue from (and including) the Maturity Date, to (but excluding) the related Credit Note Settlement Date.

# (c) Interest Payment Dates

If the Credit Notes are redeemed pursuant to the General Conditions or these Asset Terms, the Maturity Date, the Credit Note Settlement Date (if not the Maturity Date), the Auction Settlement Date, the Cash Settlement Date or the last Delivery Date, as the case may be, shall be an Interest Payment Date in respect of each Credit Note (or, in the case of Linear Basket Credit Notes, the relevant portion thereof) and the Issuer shall pay any interest that has accrued in respect of each Credit Note (or, as applicable, the relevant portion thereof) on such Interest Payment Date.

# 5. Physical Settlement

### (a) Delivery and payment

If Physical Settlement applies to any Credit Note, then, upon the occurrence of an Event Determination Date, the Issuer shall, on or prior to the related Physical Settlement Date and subject to Asset Terms 5(b), 5(c) and 5(f), redeem such Credit Note (or, in the case of Linear Basket Credit Notes, the relevant portion thereof), respectively, by:

- (a) Delivering a pro rata share of the Deliverable Obligations specified in the related Notice of Physical Settlement or NOPS Amendment Notice, as applicable; and
- (b) paying such Note's pro rata portion of the related Physical Settlement Adjustment Rounding Amount.

### (b) Partial Cash Settlement Due to Impossibility or Illegality

If, due to an event beyond the control of the Issuer, it is impossible or illegal for the Issuer to Deliver or, due to an event beyond the control of the Issuer or any Noteholder, it is impossible or illegal for the Issuer or the relevant Noteholder to accept Delivery of any of the Deliverable Obligations (other than a Deliverable Obligation described in paragraph (d) of the definition of "Deliverable Obligation") specified in a Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, on the related Physical Settlement Date, then on such date the Issuer shall Deliver any of the Deliverable Obligations specified in the Notice of Physical Settlement or any NOPS Amendment Notice, as applicable, for which it is possible and legal to take Delivery. If any Undeliverable Obligations have not been delivered on or prior to the Latest Permissible Physical Settlement Date, then Partial Cash Settlement shall apply with respect to such Undeliverable Obligations and, accordingly, the Issuer shall pay the relevant Noteholders an amount equal to the Partial Cash Settlement Amount to be apportioned pro rata amongst the relevant Noteholders on the Partial Cash Settlement Date.

# (c) Non-Delivery of Deliverable Obligations

If the Issuer does not Deliver any Deliverable Obligation specified in a Notice of Physical Settlement or NOPS Amendment Notice, as applicable, other than as a result of an event or circumstance contemplated in Asset Term 5(b) above (including following the occurrence of a Hedge Disruption Event), such failure shall not constitute an Event of Default or breach of agreement for the purpose of the Notes and the Issuer may continue to attempt to Deliver the Deliverable Obligations that are Bonds or Loans until the Extended Physical Settlement Date.

If, as at the relevant Extended Physical Settlement Date, any such Deliverable Obligations have not been Delivered, then Partial Cash Settlement shall apply with respect to such Deliverable Obligations and the Issuer shall pay to the Noteholders an amount equal to the Partial Cash Settlement Amount to be apportioned *pro rata* amongst the Noteholders on the Partial Cash Settlement Date.

# (d) Aggregation and Rounding

Where a Noteholder holds Credit Notes in an aggregate nominal amount outstanding (or, in the case of Partly Paid Notes, a paid-up aggregate nominal amount outstanding) or aggregate notional amount outstanding greater than the Specified Denomination respectively, the Outstanding Principal Balance of the Deliverable Obligations to be Delivered in respect of the Credit Note shall be aggregated for the purposes of this Asset Term 5. If the Outstanding Principal Balance of the Deliverable Obligations to be Delivered in respect of each Credit Notes to be redeemed pursuant to this Asset Term 5(d) on any occasion is not equal to an authorised denomination (or integral multiple thereof) of such Deliverable Obligations then the Outstanding Principal Balance of Deliverable Obligations to be Delivered will be rounded down to the nearest authorised denomination or multiple thereof, or, if none, to zero. In such circumstances, the Deliverable Obligations that were not capable of being Delivered shall, if and to the extent practicable, be sold by the Issuer or such other agent as may be appointed by the Issuer for such purpose and, if they are so sold, the Issuer shall make payment in respect of each Credit Note in an amount equal to its pro rata share of the related net sale proceeds as soon as reasonably practicable following receipt thereof.

# (e) Delivery and Fees

The Delivery of any of the Deliverable Obligations pursuant to the provisions of this Asset Term 5 shall be made in such manner as the Issuer shall determine in good faith and in a commercially reasonable manner, to be appropriate for such Delivery. Subject as set out in the definition of "Deliver":

- (a) any recordation, processing or similar fee reasonably incurred by the Issuer and/or any of its Affiliates and payable to the agent under a Loan in connection with an assignment or novation (where Deliverable Obligations include Assignable Loans or Consent Required Loans) or participation (where Deliverable Obligations include Direct Loan Participations) shall be payable by the relevant Noteholders, and if any Stamp Tax or transaction tax is payable in connection with the Delivery of any Deliverable Obligations, payment thereof shall be made by the relevant Noteholders; and
- (b) any other expenses arising from the Delivery and/or transfer of the Deliverable Obligations shall be for the account of the Noteholders or the Issuer, as appropriate, determined by the Calculation Agent in accordance with then current market conventions.

Delivery and/or transfer of the Deliverable Obligations shall be delayed until all expenses relating to such Delivery or transfer payable by the Noteholders have been paid to the satisfaction of the Issuer.

# (f) Delivery Notice

A Noteholder will not be entitled to any of the amounts or assets specified as being due to it in this Asset Term 5(f) upon the occurrence of an Event Determination Date and delivery of the Notice of Physical Settlement unless it has presented or surrendered (as is appropriate) the relevant Credit Note and delivered to the Calculation Agent a duly completed notice substantially in such form as the Calculation Agent may determine ("Delivery Notice"). For so long as the Credit Notes are held in any clearing system, any communication from such clearing system on behalf of the Noteholder containing the information required in a Delivery Transfer Notice will be treated as a Delivery Notice.

The Delivery Notice must:

- (i) specify the name and address of the relevant Noteholder, and the details of the account to which the relevant amounts or assets are to be delivered;
- (ii) include an undertaking by the relevant Noteholder to pay all taxes, duties and/or expenses arising from or in connection with the delivery of the relevant amounts or assets;
- (iii) certify that the beneficial owner of each Note is not a U.S. person (as defined in Rule 902(k) of Regulation S under the United States Securities Act of 1933, as amended, which term is deemed to include any person that does not meet the definition of 'Non-United States Person' in Rule 4.7 promulgated by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act, as amended, the Note is not being redeemed within the United States or on behalf of a U.S. person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a U.S. person in connection with any redemption thereof; and
- (iv) authorise the production of such notice in any applicable administrative or legal proceedings.

No Delivery Notice may be withdrawn after receipt thereof by the Calculation Agent. Upon the delivery of the Delivery Notice, the Noteholder may not transfer the Notes which are the subject of such Delivery Notice.

Failure properly to complete and deliver a Delivery Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided in these Asset Terms shall be made by the Calculation Agent, after consultation with the Issuer and shall be conclusive and binding on the Issuer and the relevant Noteholder.

If the Delivery Notice is subsequently corrected to the satisfaction of the Issuer, it shall be deemed to be a new Delivery Notice submitted at the time such correction was delivered as provided above.

If the relevant Note and the related Delivery Notice are delivered to the Calculation Agent on a day that is not a Banking Day in the city of the Calculation Agent, such Note and Delivery Notice shall be deemed to be delivered on the next following such Banking Day.

The Issuer shall have no obligation to make delivery of the relevant amounts or assets in respect of such Note unless and until a duly completed Delivery Notice, together with the relevant Note if the Notes are in definitive form, are each delivered as provided above.

# 6. Provisions relating to Obligation Category and Characteristics and Deliverable Obligation Category and Characteristics

# (a) Obligation Characteristics

If either of the Obligation Characteristics "Listed" or "Not Domestic Issuance" is specified in the related Final Terms or is applicable in respect of the applicable Transaction Type, the Final Terms shall be construed as though the relevant Obligation Characteristic had been specified as an Obligation Characteristic only with respect to Bonds.

(b) Deliverable Obligation Category and Characteristics

If:

- (i) any of the Deliverable Obligation Characteristics "Listed", "Not Domestic Issuance" or "Not Bearer" is specified in the related Final Terms or is applicable in respect of the applicable Transaction Type, such Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds:
- (ii) (the Deliverable Obligation Characteristic "Transferable" is specified in the applicable Final Terms or is applicable in respect of the applicable Transaction Type, the Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Deliverable Obligations that are not Loans;
- (iii) any of the Deliverable Obligation Characteristics "Assignable Loan", "Consent Required Loan" or "Direct Loan Participation" is specified in the applicable Final Terms or is applicable in respect of the applicable Transaction Type, the Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans; and
- (iv) more than one of "Assignable Loan", "Consent Required Loan" and "Direct Loan Participation" are specified in the applicable Final Terms as Deliverable Obligation Characteristics or is applicable in respect of the applicable Transaction Type, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics.

### (c) Relevant Guarantee

If an Obligation or a Deliverable Obligation is a Relevant Guarantee, the following will apply:

- (i) For purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Relevant Guarantee shall be deemed to be described by the same category or categories as those that describe the Underlying Obligation.
- (ii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Relevant Guarantee and the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms or applicable in respect of the relevant Transaction Type from the following list: "Not Subordinated", "Specified Currency", "Not Sovereign Lender", "Not Domestic Currency" and "Not Domestic Law".
- (iii) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date or dates each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms or applicable in respect of the relevant Transaction Type

from the following list: "Listed", "Not Domestic Issuance", "Assignable Loan", "Consent Required Loan", "Direct Loan Participation", "Transferable", "Maximum Maturity", "Accelerated or Matured" and "Not Bearer".

- (iv) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
- (v) For the avoidance of doubt the provisions of this Asset Term 6 apply in respect of the definitions of "Obligation" and "Deliverable Obligation" as the context admits.

### (d) Maximum Maturity

For purposes of the application of the Deliverable Obligation Characteristic "Maximum Maturity", remaining maturity shall be determined on the basis of the terms of the Deliverable Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation that is due and payable, the remaining maturity shall be zero.

# (e) Financial Reference Entity Terms and Governmental Intervention

If "Financial Reference Entity Terms" and "Governmental Intervention" are specified as applicable in respect of a Reference Entity, if an obligation would otherwise satisfy a particular Obligation Characteristic or Deliverable Obligation Characteristic, the existence of any terms in the relevant obligation in effect at the time of making the determination which permit the Reference Entity's obligations to be altered, discharged, released or suspended in circumstances which would constitute a Governmental Intervention, shall not cause such obligation to fail to satisfy such Obligation Characteristic or Deliverable Obligation Characteristic.

# (f) Prior Deliverable Obligation or Package Observable Bond

For purposes of determining the applicability of Deliverable Obligation Characteristics and the requirements specified in Asset Term 9(b) (Mod R) and Asset Term 9(c) (Mod Mod R) to a Prior Deliverable Obligation or a Package Observable Bond, any such determination shall be made by reference to the terms of the relevant obligation in effect immediately prior to the Asset Package Credit Event.

# (g) Subordinated European Insurance Terms

If "Subordinated European Insurance Terms" is specified as applicable in respect of the Reference Entity, if an obligation would otherwise satisfy the "Maximum Maturity" Deliverable Obligation Characteristic, the existence of any Solvency Capital Provisions in such obligation shall not cause it to fail to satisfy such Deliverable Obligation Characteristic.

# (h) Accrued Interest

With respect to any Credit Notes for which:

- (i) "Physical Settlement" is specified to be the Settlement Method in the related Final Terms (or for which Physical Settlement is applicable as the Fallback Settlement Method), the Outstanding Principal Balance of the Deliverable Obligations being Delivered will exclude accrued but unpaid interest, unless "Include Accrued Interest" is specified in the related Final Terms, in which case, the Outstanding Principal Balance of the Deliverable Obligations being Delivered will include accrued but unpaid interest;
- (ii) "Cash Settlement" is specified to be the Settlement Method in the related Final Terms (or if Cash Settlement is applicable as the Fallback Settlement Method), and:
  - (A) "Include Accrued Interest" is specified in the related Final Terms, the Outstanding Principal Balance of the Reference Obligation or Valuation Obligation, as applicable, shall include accrued but unpaid interest;

- (B) "Exclude Accrued Interest" is specified in the related Final Terms, the Outstanding Principal Balance of the Reference Obligation or Valuation Obligation, as applicable, shall not include accrued but unpaid interest; or
- (C) neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified in the related Final Terms, the Calculation Agent shall determine based on the then current market practice in the market of the Reference Obligation or Valuation Obligation, as applicable, whether the Outstanding Principal Balance of the Reference Obligation or Valuation Obligation shall include or exclude accrued but unpaid interest and, if applicable, the amount thereof; or
- (iii) Asset Term 5(b) (Partial Cash Settlement Due to Impossibility or Illegality) or Asset Term 5(c) (Non-Delivery of Deliverable Obligations) is applicable, the Calculation Agent shall determine, based on the then current market practice in the market of the relevant Undeliverable Obligation, Undeliverable Loan Obligation, Undeliverable Participation or Unassignable Obligation, whether such Quotations shall include or exclude accrued but unpaid interest.

# (i) Asset Package Delivery

"Asset Package Delivery" will apply if an Asset Package Credit Event occurs, unless (i) such Asset Package Credit Event occurs prior to the Credit Event Backstop Date determined in respect of the Credit Event specified in the Credit Event Notice or DC Credit Event Announcement applicable to the Event Determination Date, or (ii) if the Reference Entity is a Sovereign, no Package Observable Bond exists immediately prior to such Asset Package Credit Event.

If the "Sovereign No Asset Package Delivery Supplement" is applicable in respect of a Reference Entity, then, notwithstanding the above, it shall be deemed that no Package Observable Bond exists with respect to such Reference Entity that is a Sovereign (even if such a Package Observable Bond has been published by ISDA) and accordingly, Asset Package Delivery shall not apply thereto.

#### 7. Successors

- (a) Provisions for determining a Successor
  - (i) The Calculation Agent may determine, following any succession (or, in relation to a Reference Entity that is a Sovereign, a Sovereign Succession Event) and with effect from the Succession Date, any Successor or Successors under the definition of "Successor"; provided that the Calculation Agent will not make such determination if, at the time of determination, the DC Secretary has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that there is no Successor based on the relevant succession to Relevant Obligations.

The Calculation Agent will make all calculations and determinations required to be made under the definition of "Successor" (or the provisions relating to the determination of a Successor) on the basis of Eligible Information.

In calculating the percentages used to determine whether an entity qualifies as a Successor under the definition of "Successor", if there is a Steps Plan, the Calculation Agent shall consider all related successions in respect of such Steps Plan in aggregate as if forming part of a single succession.

- (ii) An entity may only be a Successor if:
  - either (A) the related Succession Date occurs on or after the Successor Backstop Date, or (B) such entity is a Universal Successor in respect of which the Succession Date occurred on or after January 1, 2014;
  - (II) the Reference Entity had at least one Relevant Obligation outstanding immediately prior to the Succession Date and such entity succeeds to all or part of at least one Relevant Obligation of the Reference Entity; and

- (III) where the Reference Entity is a Sovereign, such entity succeeded to the Relevant Obligations by way of a Sovereign Succession Event.
- (iii) In the case of an exchange offer, the determination required pursuant to the definition of "Successor" shall be made on the basis of the outstanding principal balance of Relevant Obligations exchanged and not on the basis of the outstanding principal balance of the Exchange Bonds or Loans.
- (iv) If two or more entities (each, a "Joint Potential Successor") jointly succeed to a Relevant Obligation (the "Joint Relevant Obligation") either directly or as a provider of a Relevant Guarantee, then (i) if the Joint Relevant Obligation was a direct obligation of the Reference Entity, it shall be treated as having been succeeded to by the Joint Potential Successor (or Joint Potential Successors, in equal parts) which succeeded to such Joint Relevant Obligation as direct obligor or obligors, or (ii) if the Joint Relevant Obligation was a Relevant Guarantee, it shall be treated as having been succeeded to by the Joint Potential Successor (or Joint Potential Successors, in equal parts) which succeeded to such Joint Relevant Obligation as guarantor or guarantors, if any, or otherwise by each Joint Potential Successor in equal parts.

# (b) Single Reference Entity

Where the Credit Notes are Single Reference Entity Credit Notes and a Succession Date has occurred and more than one Successor has been identified, each such Credit Note will be deemed for all purposes to have been divided, with effect from the Succession Date, into the same number of new Credit Notes as there are Successors with the following terms:

- (i) each Successor will be a Reference Entity for the purposes of one of the deemed new Credit Notes;
- (ii) in respect of each deemed new Credit Note, the Reference Entity Notional Amount will be the Reference Entity Notional Amount applicable to the original Reference Entity divided by the number of Successors; and
- (iii) all other terms and conditions of the original Credit Notes will be replicated in each deemed new Credit Note except that the Calculation Agent shall make such modifications as it determines are required in order to preserve the economic effects of the original Credit Notes in the deemed new Credit Notes (considered in aggregate).

### (c) Nth-to-Default

Where the Credit Notes are Nth-to-Default Credit Notes:

- (i) where a Succession Date has occurred in respect of a Reference Entity (other than a Reference Entity in respect of which a Credit Event has occurred) and more than one Successor has been identified, each such Credit Note will be deemed for all purposes to have been divided, with effect from the Succession Date, into a number of new Credit Notes equal to the number of Successors. Each such new Credit Note shall include a Successor and each and every one of the unaffected Reference Entities and the provisions of Asset Term 7(b)(i) to (iii) (inclusive) shall apply thereto;
- (ii) if "Substitution" is specified as not being applicable in the Final Terms, where any Reference Entity (the "Surviving Reference Entity") (other than a Reference Entity that is subject to the Succession Date) would be a Successor to any other Reference Entity (the "Legacy Reference Entity") pursuant to a Succession Date, such Surviving Reference Entity shall be deemed to be a Successor to the Legacy Reference Entity; and
- (iii) if "Substitution" is specified as being applicable in the Final Terms, where the Surviving Reference Entity (other than a Reference Entity that is subject to the Succession Date) would be a Successor to a Legacy Reference Entity pursuant to a Succession Date:
  - (A) such Surviving Reference Entity shall be deemed not to be a Successor to the Legacy Reference Entity; and

(B) the Replacement Reference Entity shall be deemed to be a Successor to the Legacy Reference Entity.

#### (d) Linear Basket

Where the Credit Notes are Linear Basket Credit Notes, and one or more Successors have been identified in respect of a Reference Entity that has been the subject of a related Succession Date (the "Affected Entity"), then, with effect from the Succession Date:

- the Affected Entity will no longer be a Reference Entity (unless it is a Successor as described in (ii) below);
- (ii) (each Successor will be deemed a Reference Entity (in addition to each Reference Entity which is not an Affected Entity);
- (iii) the Reference Entity Notional Amount for each such Successor will equal the Reference Entity Notional Amount of the Affected Entity divided by the number of Successors;
- (iv) the Calculation Agent may make any modifications to the terms of the Credit Notes which it determines may be required to preserve the economic effects of the Credit Notes prior to the Succession Date (considered in the aggregate); and
- (v) for the avoidance of doubt, a Reference Entity may, as a result of a Succession Date, be represented in the basket with respect to multiple Reference Entity Notional Amounts for the Successor(s) of such Reference Entity.

# 8. Provisions relating to LPN Reference Entities and CoCo Supplement

#### (a) LPN Reference Entities

The following provisions shall apply if the relevant Final Terms provide that "LPN Reference Entity" is applicable:

- (i) Multiple Holder Obligation will not be applicable with respect to any Reference Obligation and any Underlying Loan;
- (ii) each Reference Obligation will be an Obligation notwithstanding anything to the contrary in these Asset Terms, and in particular, that the obligation is not an obligation of the Reference Entity;
- (iii) each Reference Obligation will be a Deliverable Obligation notwithstanding anything to the contrary in these Asset Terms, and in particular, that the obligation is not an obligation of the Reference Entity;
- (iv) for the avoidance of doubt, with respect to any LPN Reference Obligation that specifies an Underlying Loan or an Underlying Finance Instrument, the outstanding principal balance shall be determined by reference to the Underlying Loan or Underlying Finance Instrument (as applicable) relating to such LPN Reference Obligation; and
- (v) the "Not Subordinated" Obligation Characteristic and Deliverable Obligation Characteristic shall be construed as if no Reference Obligation was specified in respect of the Reference Entity.

# (b) Provisions relating to CoCo Supplement

The following provisions shall apply in respect of a Reference Entity if the "CoCo Supplement" is applicable:

(i) If, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, the operation of one or more CoCo Provisions results in (i) a permanent or temporary reduction of the amount of principal payable at redemption or (ii) a conversion of principal into shares or another instrument, such event shall be deemed to constitute a Governmental Intervention falling within paragraph (a) of the definition thereof.

- (ii) A CoCo Provision shall be deemed to be a provision which permits a Governmental Intervention for all purposes.
- (iii) The following terms shall have the following meanings:

"Coco Provision" means, with respect to an Obligation, a provision which requires (i) a permanent or temporary reduction of the amount of principal payable at redemption or (ii) a conversion of principal into shares or another instrument, in each case, if the Capital Ratio is at or below the Trigger Percentage.

"Trigger Percentage" means the trigger percentage specified in respect of the Reference Entity (or if no such trigger percentage is specified, 5.25 per cent.).

"Capital Ratio" means the ratio of capital to risk weighted assets applicable to the Obligation, as described in the terms thereof in effect from time to time.

# 9. **Restructuring Credit Event**

(a) Multiple Credit Event Notices

Upon the occurrence of an M(M)R Restructuring with respect to a Reference Entity:

- (i) the Calculation Agent may deliver multiple Credit Event Notices with respect to such M(M)R Restructuring, each such notice setting forth the amount of the relevant Reference Entity Notional Amount to which such notice applies (the "Exercise Amount") provided that if the Credit Event Notice does not specify an Exercise Amount, the then outstanding Reference Entity Notional Amount (and not a portion thereof) will be deemed to have been specified as the Exercise Amount;
- (ii) the provisions of these Asset Terms shall be deemed to apply to an aggregate outstanding principal amount or aggregate outstanding notional amount equal to the Exercise Amount only and all the provisions shall be construed accordingly; and
- (iii) the Exercise Amount in connection with a Credit Event Notice describing an M(M)R Restructuring must be an amount that is at least 1,000,000 units of the Specified Currency (or, if Japanese Yen, 100,000,000 units) in which the Reference Entity Notional Amount is denominated or any integral multiple thereof or the entire relevant Reference Entity Notional Amount.

In the case of an Nth-to-Default Credit Note, once an Event Determination Date has occurred in respect of the Nth Reference Entity where the Credit Event is an M(M)R Restructuring, no further Credit Event Notices may be delivered in respect of any other Reference Entity (save to the extent that the Credit Notes are deemed to have been divided into new Credit Notes pursuant to Asset Term 7).

If any Credit Note is subject to partial settlement in accordance with this Asset Term 9, the relevant Credit Note or, if the Credit Notes are represented by a Global Certificate, such Global Certificate shall be endorsed to reflect such partial settlement.

### (b) Mod R

If (i) "Physical Settlement" or "Cash Settlement" is specified to be the Settlement Method in the related Final Terms (or is applicable as the Fallback Settlement Method), (ii) "Mod R" is specified as applicable in respect of the Reference Entity and (iii) Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Deliverable Obligation or, as applicable, Valuation Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Deliverable Obligation or, as applicable, Valuation Obligation may only be specified (or deemed specified) in the Notice of Physical Settlement or in any NOPS Amendment Notice or selected by the Issuer to form part of the related Valuation Obligations Portfolio, as applicable, if such Deliverable Obligation or, as applicable, Valuation Obligation:

- (A) is a Fully Transferable Obligation; and
- (B) has a final maturity date not later than the applicable Restructuring Maturity Limitation Date,

in each case, as of both the NOPS Effective Date and the Delivery Date or, as applicable, as of the Relevant Valuation Date.

#### (c) Mod Mod R

If (i) "Physical Settlement" " or "Cash Settlement" is specified to be the Settlement Method in the related Final Terms (or is applicable as the Fallback Settlement Method), (ii) "Mod Mod R" is specified as applicable in respect of the Reference Entity and (iii) Restructuring is the only Credit Event specified in a Credit Event Notice, then unless the Deliverable Obligation or, as applicable, Valuation Obligation is a Prior Deliverable Obligation and Asset Package Delivery applies due to a Governmental Intervention, a Deliverable Obligation or, as applicable, Valuation Obligation may only be specified (or deemed specified) in the Notice of Physical Settlement or in any NOPS Amendment Notice or selected by the Issuer to form part of the related Valuation Obligations Portfolio, as applicable, if it (A) is a Conditionally Transferable Obligation and (B) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date, in each case, as of both the NOPS Effective Date and the Delivery Date or, as applicable, as of the Relevant Valuation Date. Notwithstanding the foregoing, for purposes of this paragraph, in the case of a Restructured Bond or Loan with a final maturity date on or prior to the 10-year Limitation Date, the final maturity date of such Bond or Loan shall be deemed to be the earlier of such final maturity date or the final maturity date of such Bond or Loan immediately prior to the relevant Restructuring.

If the relevant Deliverable Obligation specified in the Notice of Physical Settlement (or in any NOPS Amendment Notice, as applicable) or, as applicable, the relevant Valuation Obligation selected, is a Conditionally Transferable Obligation with respect to which consent is required to novate, assign or transfer and the requisite consent is refused (whether or not a reason is given for such refusal and, where a reason is given for such refusal, regardless of that reason), or is not received by the Physical Settlement Date or, as applicable, the Relevant Valuation Date (in which case it shall be deemed to have been refused), the Issuer shall, as soon as reasonably practicable, notify the relevant Noteholders of such refusal (or deemed refusal) and:

- (i) each such Noteholder may designate a third party (which may or may not be an Affiliate of such Noteholder) to take Delivery of the Deliverable Obligation on its behalf; and
- (ii) if a Noteholder does not designate a third party that takes Delivery on or prior to the date which is three Credit Note Business Days after the Physical Settlement Date, then the Issuer will redeem the Credit Notes for which Delivery has not occurred, by payment of the relevant Partial Cash Settlement Amount to such Noteholder. For the avoidance of doubt Asset Term 5(b) will not apply to this paragraph.

### (d) General Terms relating to Mod R and Mod Mod R

For the purposes of making a determination pursuant to "Mod R" and "Mod Mod R", final maturity date shall, subject to Asset Term 9(c) (Mod Mod R), be determined on the basis of the terms of the Deliverable Obligation or, as applicable, Valuation Obligation in effect at the time of making such determination and, in the case of a Deliverable Obligation or, as applicable, Valuation Obligation that is due and payable, the final maturity date shall be deemed to be the date on which such determination is made.

# (e) Multiple Holder Obligations

Notwithstanding anything to the contrary in the definition of "Restructuring" and related provisions, the occurrence of, agreement to, or announcement of, any of the events described in sub-paragraph (a)(i) to (a)(v) (inclusive) thereof shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation, provided that any obligation that is a Bond shall be deemed to satisfy the requirements of sub-paragraph (b) of the definition of "Multiple Holder Obligation".

### 10. Miscellaneous Provisions relating to Credit Notes

### (a) Determinations of the Calculation Agent

The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent pursuant to the Asset Terms shall (in the absence of manifest error) be final and binding on the Issuer, the Guarantor (if applicable) and the Noteholders. Unless otherwise expressly stated, the Calculation Agent is not bound to follow or act in accordance with any determination of the relevant Credit Derivatives Determinations Committee. Whenever the Calculation Agent is required to make any determination it may, inter alia, decide issues of construction and legal interpretation. If the Calculation Agent chooses to rely on the determinations of the relevant Credit Derivatives Determinations Committee it may do so without liability. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Credit Notes including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and none of the Calculation Agent, the Issuer or the Guarantor (if applicable) shall, in the absence of wilful misconduct and gross negligence, bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

# (b) Reversal of DC Resolutions

If, where a calculation or determination with respect to the Credit Notes has been made by the Calculation Agent in reliance upon a DC Resolution or otherwise resulted from a DC Resolution, ISDA publicly announces that such DC Resolution has been reversed by a subsequent DC Resolution, such reversal will be taken into account for the purposes of any subsequent calculations, provided that the ISDA public announcement occurs prior to the DC Resolution Reversal Cut-off Date (or where redeemed or settled in part, save to the extent of any such redemption or settlement). The Calculation Agent, acting in good faith and in a commercially reasonable manner, will make any adjustment to any future payments as are required to take account of such reversal, including any payment of additional interest or any reduction in any interest or any other amount payable under the Credit Notes. For the avoidance of doubt, no accruals of interest shall be taken into account when calculating any such adjustment payment.

# (c) Change in Standard Terms and Market Conventions

The Calculation Agent, acting reasonably, may (but shall not be obligated to) modify these Asset Terms from time to time with effect from a date designated by the Calculation Agent to the extent reasonably necessary to ensure consistency with prevailing market standards or market trading conventions, which are, pursuant to the agreement of leading dealers in the credit derivatives market or any relevant ISDA committee, a market-wide protocol, any applicable law or regulation or the rules of any applicable exchange or clearing system, applicable to any Notional Credit Derivative Transaction or Hedge Transaction entered into prior to such date or terms thereof. The Calculation Agent shall notify the Issuer and the Noteholders as soon as reasonably practicable upon making any such determination. For the avoidance of doubt, the Calculation Agent may not, without the consent of the Issuer and the Trustee, amend, pursuant to this Asset Term 10(c) any of the terms and conditions of the Credit Notes other than the Asset Terms.

In particular, the Calculation Agent may make such modifications as may be necessary to ensure consistency with any successor provisions ("Successor Provisions") which are published by ISDA and which supersede the 2003 ISDA Credit Derivatives Definitions, the 2003 ISDA Credit Derivatives Definitions as supplemented by the July 2009 Supplement and/or the 2014 ISDA Credit Derivatives Definitions, as the case may be, for the purposes of credit derivatives transactions generally (including with respect to transactions which are entered into prior to the relevant date of publication and which are outstanding as of that date) and/or may apply and rely on determinations of the Credit Derivatives Determinations Committee made in respect of a relevant Reference Entity under any such Successor Provisions notwithstanding any discrepancy between the terms of such Successor Provisions and these Asset Terms.

This Asset Term 10(c) shall apply unless the related Final Terms specifies that "Change in Standard Terms and Market Conventions" is not applicable.

### (d) Delivery of Notices

As soon as reasonably practicable after receiving a Credit Event Notice or Notice of Publicly Available Information from the Calculation Agent, the Issuer shall promptly inform, or shall procure that the Calculation Agent informs the Noteholders in accordance with General Condition 13. Resolutions of the Credit Derivatives Determinations Committee are, as of the date hereof, available on ISDA's website (www.isda.org) (or any successor website thereto).

#### (e) Effectiveness of Notices

Any notice referred to in Asset Term 10(d) above which is delivered on or prior to 5.00 p.m. (Hong Kong time) on a Hong Kong Business Day is effective on such date and if delivered after such time or on a day that is not a Hong Kong Business Day, is deemed effective on the next following Hong Kong Business Day.

A notice given by telephone by the Issuer or the Calculation Agent will be deemed to have been delivered at the time the telephone conversation takes place.

#### (f) Excess Amounts

If, on a Business Day, the Calculation Agent reasonably determines that an Excess Amount has been paid to Noteholders on or prior to such day, then following notification of the determination of an Excess Amount to the Issuer and Noteholders in accordance with General Condition 13, the Issuer may deduct any such Excess Amount from future payments in relation to the Credit Notes (whether interest or principal) or may reduce the amount of any assets deliverable under the terms of the Credit Notes to the extent that it determines, acting reasonably, to be necessary to compensate for such Excess Amount.

### (g) Provisions Relating to Timing

Subject to Asset Term 10(e) and Asset Term 10(h), in order to determine the day on which an event occurs for purposes of the Asset Terms, the demarcation of days shall be made by reference to Greenwich Mean Time (or, if the Transaction Type of the Reference Entity relates to Japan, Tokyo time), irrespective of the time zone in which such event occurred. Any event occurring at midnight shall be deemed to have occurred immediately prior to midnight.

# (h) Payment Timing

Notwithstanding the "Credit Event Notice" definition and Asset Term 10(g) (Provisions Relating to Timing), if a payment is not made by the Reference Entity on its due date or, as the case may be, on the final day of the relevant Grace Period, then such failure to make a payment shall be deemed to have occurred on such day prior to midnight Greenwich Mean Time (or, if the Transaction Type of the Reference Entity relates to Japan, Tokyo time), irrespective of the time zone of its place of payment.

# (i) Business Day Convention

If the last day of any period calculated by reference to calendar days falls on a day that is not a Business Day, such last day shall be subject to adjustment in accordance with the applicable Business Day Convention; provided that if the last day of any period is the Credit Event Backstop Date or the Successor Backstop Date, such last day shall not be subject to any adjustment in accordance with any Business Day Convention.

# (j) No Frustration

In the absence of other reasons, the Credit Notes will not be considered frustrated, or otherwise void or voidable (whether for mistake or otherwise) solely because:

(i) the Reference Entity does not exist on, or ceases to exist on or following, the Trade Date; and/or

(ii)	Obligations, Deliverable Obligations or the Reference Obligation do not exist on, or cease to exist on or following, the Trade Date.

# **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be applied by the Issuer for acquisition of Underlying Assets, establishment of the hedging arrangements and/or general funding purposes.

#### DESCRIPTION OF THE ISSUER

The Issuer is a company incorporated in the British Virgin Islands with limited liability, and is wholly owned by Dragon Stream Investments Limited, a company incorporated in Hong Kong with limited liability, a wholly owned subsidiary of the Note Guarantor.

The Issuer's primary business areas are, to the extent compliant to relevant regulations, the following:

- To issue various debt securities, bonds, certificates, warrants and other debt securities, or similar instruments, whether or not accompanied by guarantees, with any type of underlying securities including, without limitation, corporate stock, any other capital security or security other than capital, index, currency, exchange rate, interest rate, dividend, credit risk, fund unit, investment company stock, term deposit, life insurance contract, loan, merchandise, term contract, option, warrant or option coupons, allocated or unallocated precious metals, unit of account, basket or any other factor or any other type of underlying securities or any combination of the latter;
- To purchase, hold, dispose of, lend, loan or resell, by any means, including in particular the use of trusts, in trust or repurchase, any type of assets whatever their names and forms and whether or not accompanied by guarantees, in particular financial instruments, or any other debt securities, acknowledgements or debts or capital securities; and
- To receive or issue money loans (including loans convertible into shares of the Issuer) within the group of companies to which the Issuer belongs and to supply guarantees in any form (actual guarantees such as pledges, securities, mortgages or other personal guarantees or any other form of guarantee), for their own account, for the account of the group of companies to which the Issuer belongs or behalf of third parties.

Currently, the directors of the Issuer are:

- KWAN Man Fai Louis, Director;
- Sun Jianfeng, Director;
- Leung Kwok Ming, Director; and
- Poon Chi Leong Harry, Director.

# DESCRIPTION OF THE NOTE GUARANTOR

The Note Guarantor is a company incorporated in Hong Kong with limited liability, and is wholly owned by CITIC Securities Company Limited, a leading Chinese securities company dually listed in China (600030.CH) and Hong Kong (6030.HK).

The Note Guarantor is to act as a conduit for CITIC Securities Company Limited to spearhead its expansion into global financial markets, including Hong Kong. The principal activities of the Note Guarantor are investment holding and the provision of general administration and support services to its subsidiaries.

Currently, the directors of the Note Guarantor are:

- YIN Ke Chief Executive Officer, Chairman of the Board of Directors
- WANG Dongming Director;
- CHENG Boming, Director;
- GE Xiaobo, Director; and
- Jonathan David SLONE, Director.

### **GENERAL TAXATION INFORMATION**

The following summary intended only as a general guide to certain limited Hong Kong tax considerations and does not purport to be a complete analysis of all potential tax consequences relating to the Notes. Some aspects may not apply to certain classes of persons to whom special rules may apply.

The summary is based on current law and on what is understood to be current practice, both of which may change, possibly with retroactive effect. The summary is intended to be for information purposes only and is not intended to be, nor should they be regarded as, legal or tax advice. The precise tax treatment of Noteholders for each issue will depend on the terms of a particular Note, as specified in the terms and conditions of the Note as amended and supplemented by the relevant Final Terms. Further statements regarding the tax treatment of particular classes of Noteholder may be contained in the relevant Final Terms.

Prospective Noteholders should obtain their own professional tax advice in all relevant jurisdictions about their particular tax treatment in relation to such Notes.

Prospective purchasers of Notes should carefully consider General Condition 6(g) which provides that neither the Issuer nor the Note Guarantor (if applicable) shall be required to gross up or otherwise increase any payment made on or in respect of the Notes which is required to be made subject to any tax, duty, deduction, withholding or other payment. The provisions relating to payment of Delivery Expenses by the relevant Noteholder on physical delivery of the Underlying Asset(s) set out in the relevant Asset Terms should be considered carefully by all potential purchasers of Notes which may be redeemed by delivery of the Underlying Asset(s).

# **Hong Kong Taxation**

# Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest in respect of the Notes or in respect of any capital gains arising from the sale of the Notes.

# Capital Gains Tax

No capital gains tax is payable in Hong Kong on any capital gains arising from resale of the Notes.

# **Profits Tax**

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Under the Inland Revenue Ordinance (Cap. 112 of the Laws of Hong Kong) (the "Inland Revenue Ordinance") as it is currently applied by the Inland Revenue Department of Hong Kong, interest on the Notes is not subject to Hong Kong profits tax except under the following circumstances:

- (a) interest on the Notes is derived from Hong Kong and is received by or accrues to a company carrying on a trade, profession or business in Hong Kong;
- (b) interest on the Notes is derived from Hong Kong and is received by or accrues to a person other than a company carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business; or
- (c) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong.

Sums in respect of Notes received by or accrued to either a person (other than a financial institution) who carries on a trade, profession or business in Hong Kong and/or a financial institution will be subject to Hong Kong profits tax if such sums have a Hong Kong source. The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed.

# Stamp Duty

No stamp duty is payable on the issue of a Series of Notes. Stamp duty may be payable on any transfer of Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfers of Notes provided that either:

- (a) the Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (b) the Notes constitute loan capital (as defined in the Stamp Duty Ordinance).

If stamp duty is payable in respect of the transfer of Notes, it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the consideration of the relevant transaction. If, in the case of either the sale or purchase of such Notes, stamp duty is not paid, both the seller and the purchaser may be liable jointly and severally to pay any unpaid stamp duty and also any penalties for late payment. If stamp duty is not paid on or before the due date (two days after the sale or purchase if effected in Hong Kong or 30 days if effected elsewhere) a penalty of up to 10 times the duty payable may be imposed. In addition, stamp duty is payable at the fixed rate of HK\$5 on each instrument of transfer executed in relation to any transfer of the Notes if the relevant transfer is required to be registered in Hong Kong.

### **FATCA Withholding**

Pursuant to certain provisions of U.S. law, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. In addition, FATCA withholding may also apply in respect of any amounts that are treated as "dividend equivalent" payments. Each of the Issuer and the Guarantor believes that it is a foreign financial institution for these purposes. A number of jurisdictions (including the British Virgin Islands and Hong Kong) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of these rules to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes (other than payments treated as dividend equivalent payments), is not clear at this time. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding in respect of foreign passthru payments would not apply prior to 1 January 2017 and Notes that are treated as debt for U.S. federal income tax purposes issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding in respect of foreign passthru payments unless materially modified after such date. However, if additional notes (as described under "General Terms and Conditions of the Notes -Further Issues") that are not distinguishable from outstanding Notes in the same series issued prior to the expiration of the grandfathering period are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all notes in the series, including grandfathered Notes, as subject to withholding under FATCA. In the event that any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person would be required to pay additional amounts as a result of such withholding.

FATCA is particularly complex and significant aspects of when and how FATCA will apply remain unclear. Each Noteholder should consult its own tax advisor to obtain a more detailed explanation of FATCA and to learn how FATCA might affect such Noteholder in its particular circumstance.

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# The British Virgin Islands ("BVI") Taxation

A BVI business company is exempt from all provisions of the Income Tax Act of the BVI including with respect to all dividends, interests, rents, royalties, compensations and other amounts payable by the company to persons who are not residents in the BVI. Capital gains realised with respect to any shares, debt obligations or other securities of the company by persons who are not residents in the BVI are also exempt from all provisions of the Income Tax Act of the BVI.

The exemption provided to the company pursuant to section 242(3) of the BVI Business Companies Act, 2004 (as amended) from the payment of stamp duty does not apply to an instrument relating to the transfer to or by the company of an interest in land situate in the BVI or transactions in respect of the shares, debt obligations or other securities of a land owning company. For this purpose, the company is a "land owning company" if it, or any of its subsidiaries, has an interest in any land in the BVI.

No estate, inheritance, succession or gift tax imposed by or in the BVI is payable by persons who are not residents in the BVI with respect to any shares, debt obligations or other securities of the company.

#### CLEARANCE AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear, Clearstream, Luxembourg or the CMU Service (together, the "Clearing Systems") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but does not take any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. The Issuer will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.

The applicable Final Terms will specify the Clearing System(s) applicable for each Series. If it does not so specify, the Notes are in definitive form and not cleared and settled through the Clearing System(s).

### The Clearing Systems

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services, including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other. Euroclear and Clearstream, Luxembourg customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

# CMU

The CMU Service is a central depositary service provided by the Central Moneymarkets Unit of the Hong Kong Monetary Authority (the "HKMA") for the safe custody and electronic trading between the members of this service ("CMU Members") of capital markets instruments ("CMU Notes") which are specified in the CMU Service Reference Manual as capable of being held within the CMU Service.

The CMU Service is only available to CMU Notes issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons.

Membership of the CMU Service is open to all members of the Hong Kong Capital Markets Association and "authorized institutions" under the Banking Ordinance (Cap. 155) of Hong Kong.

Compared to clearing services provided by Euroclear and Clearstream, Luxembourg, the standard custody and clearing service provided by the CMU Service is limited. In particular (and unlike the European Clearing Systems), the HKMA does not as part of this service provide any facilities for the dissemination to the relevant CMU Members of payments (of interest or principal) under, or notices pursuant to the notice provisions of, the CMU Notes. Instead, the HKMA advises the lodging CMU Member (or a designated paying agent) of the identities of the CMU Service Members to whose accounts payments in respect of the relevant CMU Notes are credited, whereupon the lodging CMU Member (or the designated paying agent) will make the necessary payments of interest or principal or send notices directly to the relevant CMU Members. Similarly, the HKMA will not obtain certificates of non-US beneficial ownership from CMU Members or provide any such certificates on behalf of CMU Members. The CMU Lodging and Paying Agent will collect such certificates from the relevant CMU Members identified from an instrument position report obtained by request from the HKMA for this purpose.

An investor holding an interest through an account with either Euroclear or Clearstream, Luxembourg in any Notes held in the CMU Service will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg each have with the CMU Service.

### Relationship of Accountholders with Clearing Systems

Save as provided in the following paragraph, each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the holder of a Note represented by a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or such clearing system or agent (as the case may be) for his share of each payment made by the Issuer to the holder of the underlying Notes, as the case may be, and in relation to all other rights arising under the Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such clearing system or agent (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Certificate and such obligations of the Issuer will be discharged by payment to the holder of the underlying Notes, as the case may be, in respect of each amount so paid. If a Global Certificate is lodged with the CMU Service, the person(s) for whose account(s) interests in such Global Certificate are credited as being held in the CMU Service in accordance with the CMU Rules as notified by the CMU Service to the CMU Lodging and Paying Agent in a relevant CMU Instrument Position Report or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service save in the case of manifest error) shall be the only person(s) entitled to receive payments in respect of Notes represented by such Global Certificate and the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Certificate are credited as being held in the CMU Service in respect of each amount so paid. Each of the persons shown in the records of the CMU Service, as the beneficial holder of a particular nominal amount of Notes represented by such Global Certificate must look solely to the CMU Lodging and Paying Agent for his share of each payment so made by the Issuer in respect of such Global Certificate.

### SUBSCRIPTION AND SALE

The Issuer may appoint one or more Dealer(s) from time to time under a dealer agreement, pursuant to which each Dealer (appointed by the Issuer from time to time) will agree that it will also comply with the following selling restrictions.

#### General

With regard to each issue of Notes, any Dealer will be required to agree that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Programme Document and the relevant Final Terms and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries, and neither the Issuer nor any other Dealer shall have any responsibility therefor.

None of the Issuer or any Dealer represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

With regard to each series, any Dealer will be required to comply with such other restrictions as shall be set out in the relevant Final Terms.

### **United States**

The Notes and the Note Guarantee have not been and will not be registered under the Securities Act and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Dealer Agreement, it will not offer or sell Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Principal Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such tranche of Notes) may violate the registration requirements of the Securities Act.

This Base Programme Document has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Programme Document does not constitute an offer to any person in the United States. Distribution of this Base Programme Document by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States is prohibited.

# Hong Kong

In relation to each Tranche of Notes issued by the Issuer, each Dealer has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong other than (i) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

# People's Republic of China

Each Dealer has represented and agreed that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the People's Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the People's Republic of China.

#### Macau

Each Dealer has represented, warranted and agreed that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the Macau Special Administrative Region ("Macau"), except as permitted by the securities laws of Macau.

### Taiwan

The Notes may not be sold, offered or issued to Taiwan resident investors or in Taiwan unless they are made available outside Taiwan for purchase by Taiwan resident investors outside Taiwan either directly or through properly licensed Taiwan intermediaries acting on behalf of such investors in accordance with the rules applicable thereto.

# Singapore

Each Dealer has acknowledged that this Base Programme Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Programme Document or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes 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 (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulation 2005 of Singapore.

#### Bermuda

Each Dealer, severally and not jointly, has represented, warranted and agreed that it has not made or will not make any invitation to the public in Bermuda to offer or sell the Notes.

# **British Virgin Islands**

Each Dealer has represented, warranted and agreed that it has not made and will not make any invitation to the public in the British Virgin Islands or a natural person who is a British Virgin Islands resident or citizen to offer or sell the Notes and the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the British Virgin Islands, except as otherwise permitted by British Virgin Islands law.

# **Cayman Islands**

Each Dealer has represented, warranted and agreed that it has not made and will not make any invitation, whether directly or indirectly, to the public in the Cayman Islands to offer or sell the Notes.

# **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the United Kingdom Financial Services and Markets Act 2000, as amended (the "FSMA") by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Note Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **GENERAL INFORMATION**

### **Authorisation of the Issuer**

The establishment of the Programme and issue and performance of the Notes were authorised by the board of directors of the Issuer on 28 July 2014 and 17 September 2015.

#### **Authorisation of the Note Guarantor**

The entry into and performance of the Note Guarantee were authorised by the board of directors of the Note Guarantor on 28 July 2014 and 17 September 2015.

# **Documents for Inspection**

For so long as any Note remains outstanding, copies of the following documents will, when published from time to time, be available for inspection during normal business hours on any business day (except Saturdays, Sundays and public holidays) at the specified office of the Fiscal Agent:

- (a) the Memorandum and Articles of Association of the Issuer;
- (b) the Memorandum and Articles of Association of the Note Guarantor;
- (c) the Deed of Covenant;
- (d) a copy of this Base Programme Document together with any supplement to this Base Programme Document (if any);
- (e) for as long as any Guaranteed Series remains outstanding, the Note Guarantee for the relevant Guaranteed Series;
- (f) the Agency Agreement between, inter alia, the Issuer and the Note Guarantor in relation to the Notes dated 28 July 2014, as amended and restated on 25 November 2015;
- (g) for as long as any Guaranteed Series remains outstanding, the most recently published annual and (if applicable) interim financial statements of the Note Guarantor;
- (h) the relevant Final Terms in respect of a Series of Notes; and
- (i) a copy of any notice given by the Issuer in respect of any relevant Series of Notes pursuant to the terms and conditions of the Notes.

If a Noteholder requests a photocopy of any display document, the Issuer may charge a reasonable fee to reflect the cost of making such a photocopy.

### APPENDIX 1 – FORM OF FINAL TERMS

#### FORM OF FINAL TERMS

# Final Terms dated [•]

### **CSI Financial Products Limited**

[Title of Securities] [linked to [•]] due [•] (the "Notes")

# issued pursuant to the U.S.\$10,000,000,000 Medium Term Note Programme

Terms used herein shall be deemed to be defined as such for the purposes of the Base Programme Document dated 25 November 2015 [as supplemented on [•]] and all references to Conditions in this Final Terms are to the General Conditions and the applicable Asset Terms and Conditions set out in the Base Programme Document. This document constitutes the Final Terms of the Notes described herein. Copies of the Base Programme Document [and each supplemental Base Programme Document] may be obtained from the offices of the Fiscal Agent specified herein.

This Final Terms comprises the final terms for the issuance of the Notes.

Issuer

[No application has been made (nor is it proposed that any application will be made) for listing of the Notes on any stock exchange.][An application [has been made] / [will be made] for listing of the Notes on [insert exchange where Notes will be listed].]

(Include whichever of the following apply or specify as "Not Applicable" (N/A). Italics denote guidance for completing the Final Terms.)

CSI Financial Products Limited

1	Issuer:	CSI Financial Products Limited
2	(i) Note Guarantor:	[CITIC Securities International Company Limited (中信証券國際有限公司) 26 <sup>th</sup> Floor, CITIC Tower 1 Tim Mei Avenue, Central Hong Kong] [Not Applicable]
	(ii) Note Guarantee:	[Applicable / Not Applicable]
3	Series Number:	[•]/[Not Applicable]
4	Specified Currency:	[•]
5	Settlement Currency:	[•]
6	Aggregate Nominal Amount:	[•]
7	Issue Price:	[•] per cent. of the Aggregate Nominal Amount
8	Specified Denomination:	[•]
9	Minimum Transferable Number of Notes:	[•]/[Not Applicable]
10	Minimum Trading Lot:	[•]/[Not Applicable]
11	Issue Date:	[•]
12	Maturity Date:	[•]

13 Interest Basis: [Fixed Rate]/[Floating Rate]/[Zero Coupon][See Appendix]/[Not

Applicable]

14 Premium Basis: [Applicable (further particulars below)]/[Not Applicable]

15 Redemption/Payment Basis: [Redemption at par]/[Instalment]/ [Equity-linked]/[Equity Index-

linked]/[Interest Rate-linked]/[Credit]

16 Put/Call Options: [[Put]/[Call] (further particulars specified below)]/[Not

Applicable]

17 Business Centre(s): [•]

18 RMB/U.S.\$ Exchange Rate: [•]/[Not Applicable]

## PROVISIONS RELATING TO INTEREST AND OTHER CALCULATION

19 **Fixed Rate Provisions**: [Applicable]/[Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this

paragraph)

(i) Rate(s) of Interest: [[•] per cent. per annum]/[Not Applicable]

(ii) Interest [•]/[Issue Date]

Commencement Date:

(iii) Interest Payment [[•]in each year]/ [•] [, subject to adjustment in accordance with

the Business Day Convention]

(N.B. The General Conditions automatically adjusts all dates for payment purposes so adjustment wording should only be added

here if dates will adjust for calculation purposes too)

(iv) Business Day [Floating Rate Business Day Convention]/[Following Business Convention: Day Convention]/[Modified Following Business Day

Day Convention]/[Modified Following Business Day Convention]/[Preceding Business Day Convention]/[Not

Applicable]

(v) Interest Amount(s) per [[•] per Specified

Note:

Date(s):

[[•] per Specified Denomination]/[[•] per cent. of the Specified

Denomination]/[Not Applicable]

(vi) Day Count Fraction: [Actual/Actual]/[Actual/Actual – ISDA]/[Actual/365

(fixed)]/[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30E/360

(ISDA)]/[Actual/Actual – ICMA]

(vii) Determination Date(s): [•]/[Not Applicable]

(Insert regular Interest Payment Dates, ignoring the Maturity Date in the case of a long or short last coupon. N.B. Only relevant where Day Count Fraction is Actual/Actual – ICMA)

(viii) Other terms relating to the method of

calculating interest for Fixed Rate Notes: [Not Applicable]/ [•] (Specify details)

20 Floating Rate Provisions: [Applicable]/[Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this

paragraph)

(i) Interest [•]/[Issue Date]

Commencement Date:

(ii) Interest Payment Date(s):

[[•] in each year]/ [•] [, subject to adjustment in accordance with the Business Day Convention]

(iii) Business Day Convention:

[Floating Rate Business Day Convention]/[Following Business Day Convention]/[Modified Following Business Day Convention]/[Preceding Business Day Convention]/[Other specify details]

(iv) ISDA Determination:

Floating Rate Option:

[•]

Designated Maturity:

[•]

Reset Date:

[•]/[The first day of that Interest Period]

**ISDA Definitions:** (if different from those set out in the Conditions)

[•]/[Not Applicable]

(v) Margin(s):

[[+/-][•]per cent. per annum]/[Not Applicable]

(vi) Minimum Rate of Interest:

[[•]per cent. per annum]/[Not Applicable]

(vii) Maximum Rate of Interest:

[[•]per cent. per annum]/[Not Applicable]

(viii) Day Count Fraction:

[Actual/Actual]/[Actual/Actual – ISDA]/[Actual/365 (fixed)]/[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30E/360

(ISDA)]/[Actual/Actual-ICMA]

(ix) Determination Date(s):

[•]/[Not Applicable]

(Insert regular Interest Payment Dates, ignoring the Maturity Date in the case of a long or short last coupon. N.B. Only relevant where Day Count Fraction is Actual/Actual - ICMA)

(x) Rate Multiplier:

[•]/[Not Applicable]

(xi) Fallback provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on [•]/[Not Applicable]

Floating Rate Notes, if different from those set out in the Conditions:

21 **Premium Provisions:** [Applicable]/[Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this

paragraph)

(i) Rate(s) of Premium:

[•] per cent. per annum

(ii) Day Count Fraction: [Actual/Actual]/[Actual/Actual – ISDA]/[Actual/365

> (fixed)]/[Actual/360]/[30/360]/ [360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30E/360

(ISDA)]/[Actual/Actual – ICMA]

(iii) Determination Date(s): [•]/[Not Applicable]

> (Insert regular Premium Payment Dates, ignoring the Maturity Date in the case of a long or short last period. N.B. Only relevant

where Day Count Fraction is Actual/Actual - ICMA)

(iv) Premium [•]/[Issue Date]

Commencement Date:

(v) Premium Amount(s): [[•] per Specified Denomination]/[ [•] per cent. of the Specified

Denomination]

(vi) Premium Payment [[•] in each year]/ [•] [, subject to adjustment in accordance with Date(s):

the Business Day Convention]]/[Each Interest Payment Date]

22 **Zero Coupon Provisions:** [Applicable]/[Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this

paragraph)

(i) Accrual Yield: [•] per cent. per annum

(ii) Any other formula / basis of determining

amount payable:

(iii) Day Count Fraction in relation to Early Payment Amount and

late payment:

[•]

[•]

# PROVISIONS RELATING TO REDEMPTION

23 Redemption Amount: [The Redemption Amount in respect of each Note will be the

> [Specified Denomination]/[the amount determined in accordance with the Conditions]]/[Not Applicable]/[See Appendix/ specify

details]

24 Details relating to [Applicable]/[Not Applicable]

**Instalment Notes:** (If not applicable, delete the remaining sub-paragraphs of this

paragraph)

(i) Instalment Amount(s): [•]

(ii) Instalment Date(s):

(N.B. Instalment Dates must fall on an Interest Payment Date)

25 Call Option: [Applicable]/[Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this

paragraph)

(i) Optional Redemption

Date(s):

[•]

(ii) Optional Redemption Amount(s) and method,

[[•]per cent. of the Specified Denomination [together with any interest/premium accrued to the date fixed for redemption]]/ [•]

	such amount(s):	
	(iii) If redeemable in part:	[•]/[Not Applicable]
	(a) Minimum Nomin Amount to be redeemed:	al [•]
	(b) Maximum Nomin Amount to be redeemed:	al [•]
	(iv) Description of any other Issuer's option:	[•]/[Not Applicable]
	(v) Notice period:	[As per the General Conditions]/[Not less than [•] Business Days
26	Put Option:	[Applicable]/[Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
	(i) Optional Redemption Date(s):	[•]
	(ii) Optional Redemption Amount(s) and method if any, of calculation of such amount(s):	d, interest/premium accrued to the date fixed for redemption]]/ [•]
	(iii) Description of any other Noteholder's option:	[•]/[Not Applicable]
	(iv) Notice Period:	[As per the General Conditions]/[Not less than [•]Business Days]
ASSE	T TERMS AND CONDITION	ONS
27	Equity-linked Notes:	[Applicable]/[Not Applicable][The Asset Terms and Conditions for Equity-Linked Notes shall apply] (If not applicable, delete the following sub-paragraphs of this paragraph)
	Single Share or Share Basket:	[Single Share]/[Share Basket]
	(i) Share Issuer:	[•] (Specify name of Share Issuer)
	(ii) Share [and Weighting	[•] (Specify name of Share) [with a Weighting of [•]%] (Specify separately for each Share)
	(iii) ISIN:	[•]
	(iv) Bloomberg code:	[•]
	(v) Information source:	[•]
	(vi) Exchange:	[•]
	(vii) Related Exchange:	[•]/[All Exchanges]

if any, of calculation of

 (viii) Consequences of Disrupted Days -Adjustment basis for Notes relating to a single Share Basket and Valuation Dates: [Not Applicable]/[Single Share Basket and Valuation Date(s) - [Affected Postponement Only]/[Whole Basket Postponement]]

(ix) Consequences of
Disrupted Days Adjustment basis for
Notes relating to a
single [Single
Share]/[Share Basket]

[Not Applicable]

[Share Basket and Averaging Dates - [Affected Postponement Only] / [Whole Basket Postponement]

(If not applicable, delete the following sub-paragraphs of this paragraph)

(a) Omission:

[Applicable]/[Not Applicable]

(b) Postponement:

and Averaging Dates:

[Applicable]/[Not Applicable]

(c) Modified Postponement:

[Applicable]/[Not Applicable]

(x) Trade Date:

[•]/[Not Applicable]

(xi) Jurisdictional Event:

[Applicable]/[Not Applicable]

(xii) Jurisdictional Event Jurisdiction(s):

 $[\bullet]/[Not\ Applicable]$ 

(xiii) Share Substitution:

[Applicable]/[Not Applicable]

(xiv)Additional Disruption Events:

(a) Change in Law:

[Applicable]/[Not Applicable]

(b) FX Disruption:

[Applicable]/[Not Applicable]

(c) Insolvency Filing:

[Applicable]/[Not Applicable]

(d) Hedging Disruption:

[Applicable]/[Not Applicable]

(e) Increased Cost of Hedging:

[Applicable]/[Not Applicable]

(f) Loss of Stock Borrow:

[Applicable]/[Not Applicable]

(If not applicable, delete the following sub-paragraph of this

paragraph)

- Maximum Stock Loan Rate: [•]

(g) Increased Cost of Stock Borrow:

[Applicable]/[Not Applicable]

(If not applicable, delete the following sub-paragraph of this

paragraph)

- Initial Stock [•]

Loan Rate: (Default position for Loss of Stock Borrow/Increased Cost of

Stock Borrow is Not Applicable)

(xv) Exchange Rate: [•]/[Not Applicable]

(xvi) Observation Date(s): [•]/[Not Applicable]

(If not applicable, delete the remaining sub-paragraph of this

paragraph)

Observation Date

adjustment:

subject to Averaging Date or Valuation Date [[Averaging Date]/[Valuation Date] adjustment applicable in

respect of  $[\bullet]$ , $[\bullet]$ and  $[\bullet]$ ]/[Not Applicable]

(xvii) Observation Period: [•]/[Not Applicable]

(xviii) Averaging Date: (in respect of a single Share) [•]

(in respect of a Share Basket) [•], subject to [Affected Postponement Only] [Whole Basket Postponement]

[Not Applicable]

(xix) Valuation Date(s): (in respect of a single Share) [•]

(in respect of a Share Basket) [•], subject to [Affected Postponement Only] [Whole Basket Postponement]

[Not Applicable]

(xx) Valuation Time: [•] / [As determined in accordance with the Conditions] / [Not

Applicable]

(Repeat (i) to (xx) as necessary where there is more than one Share)

(xxi) Physical Settlement or Cash Settlement

[Physical Settlement] / [Cash Settlement]

(If Cash Settlement applicable, delete the remaining sub-

paragraphs of this paragraph)

(a) Delivery of
Worst Performing

Share or Share Basket:

[Delivery of Worst Performing Share] / [Delivery of Share

Basket]

[•]

(b) Share Amount:

[As per the Asset Terms and Conditions for Equity-linked

Notes]/[•] (Specify separately for each Share)]

(c) Reference Currency:

(d) Ratio:

[As per the Asset Terms and Conditions for Equity-linked

Notes]/[•] (*Specify separately for each Share*)]/[Not Applicable]

(e) Strike Price: [[•] (Specify separately for each Share)]

(f) Final Share Price:

[In respect of a single Share [in the Share Basket], the price of

such Share quoted on the relevant Exchange at the Valuation

Time on the Valuation Date]

[In respect of a single Share [in the Share Basket], the arithmetic

mean of the prices of such Share quoted on the relevant

Exchange at the Valuation Time on each Averaging Date]

[In respect of a Share Basket, the sum of the price of each single Share in the Share Basket quoted on the relevant Exchange at the Valuation Time on the Valuation Date multiplied by the relevant Weighting]

[In respect of a Share Basket, the sum of the arithmetic mean of the prices of each single Share quoted on the relevant Exchange at the Valuation Time on each Averaging Date multiplied by the relevant Weighting]

(g) Fractional Share Amount:

[As per the Asset Terms and Conditions for Equity-linked Notes]/ [•] (Specify separately for each Share)]

(h) Fractional Cash Amount: [As per the Asset Terms and Conditions for Equity-linked Notes]/ [•] (Specify separately for each Share)]

(i) Share Delivery Date:

[As per the Asset Terms and Conditions for Equity-linked Notes]/ [•] (Specify separately for each Share)]

(j) Presentation Date Notice Period: [•] Business Days prior to the Presentation Date

(k) Cash Settlement Option:

[Applicable]/[Not Applicable]

(l) Delivery Agent: [•]

28 Equity Index-linked Notes:

[Applicable]/[Not Applicable][The Asset Terms and Conditions for Equity Index-Linked Notes shall apply]

(If not applicable, delete the following sub-paragraphs of this paragraph)

Single Index or Index Basket:

[Single Index]/[Index Basket]

(i) Index: [•] (Specify name of Index)

(ii) Type of Index: [Single-Exchange Index]/[Multi-Exchange Index]

(iii) Bloomberg code(s): [•]

(iv) Information source: [•]

(v) Required Exchanges: [•]/[Not Applicable]

(vi) Related Exchange: [•]/[All Exchanges]

(vii) Disruption Threshold: [20]/[•] per cent.

(viii) Consequences of Disrupted Days -Adjustment basis for Notes relating to a single Index Basket and Valuation Dates: [Not Applicable]/ [Index Basket and Valuation Date(s) - [Affected Postponement Only]/[Whole Basket Postponement]]

(ix) Consequences of Disrupted Days -Adjustment basis for [Not Applicable]/ [Index Basket and Averaging Dates - [Affected Postponement Only] / [Whole Basket Postponement]

Notes relating to a [Single Index]/[Index Basket] and Averaging Dates:

(If not applicable, delete the following sub-paragraphs of this

paragraph)

(a) Omission:

[Applicable]/[Not Applicable]

(b) Postponement:

[Applicable]/[Not Applicable]

(c) Modified Postponement:

[Applicable]/[Not Applicable]

(x) Trade Date:

[•]/[Not Applicable]

(xi) Jurisdictional Event:

[Applicable]/[Not Applicable]

(xii) Jurisdictional Event Jurisdiction(s):

[•]

(xiii) Additional Disruption

**Events:** 

(a) Change in Law:

[Applicable]/[Not Applicable]

(b) FX Disruption:

[Applicable]/[Not Applicable]

(c) Hedging Disruption:

[Applicable]/[Not Applicable]

(d) Increased Cost of

[Applicable]/[Not Applicable]

Hedging:

(xiv) Observation Date(s):

[•]/[Not Applicable]

(If not applicable, delete the remaining sub-paragraph of this

paragraph)

- Observation Date

subject to Averaging Date or Valuation Date adjustment: [[Averaging Date]/[Valuation Date] adjustment applicable in

respect of  $[\bullet]$ , $[\bullet]$ and  $[\bullet]$ ]/[Not Applicable]

(xv) Averaging Dates: (in respect of a single Index)  $[\bullet]$ 

(in respect of an Index Basket) [•], subject to [Affected Postponement Only] [Whole Basket Postponement]

[Not Applicable]

(xvi) Valuation Date(s): (in respect of a single Index) [•]

(in respect of an Index Basket) [•], subject to [Affected Postponement Only] [Whole Basket Postponement]

[Not Applicable]

(xvii) Valuation Time: [•]/[As determined in accordance with the Conditions]/[Not

Applicable]

(Repeat (i) to (xvii) as necessary where there is

more than one Equity Index)

29 Credit Notes: [Applicable]/[Not Applicable]/[The Asset Terms and Conditions

for Credit Notes shall apply]

(If not applicable, delete the following sub-paragraphs of this

paragraph)

(i) Type of Credit Notes: [Single Reference Entity Credit Notes]

[Nth-to-Default Credit Notes

N:  $[1^{st}/2^{nd}/3^{rd} \text{ etc.}]$ 

Substitution: [Not Applicable]/[Applicable]]

[Linear Basket Credit Notes]

[Other]

Zero Recovery: [Not Applicable]/[Applicable]

(ii) Transaction Type: [•]/[For bespoke CLN: Not Applicable.]

[If the Transaction Type is specified, to trigger the Physical Settlement Matrix:

As per Condition 2(a) of the Asset Terms and Conditions for Credit Notes, the provisions of the Asset Terms and Conditions for Credit Notes shall apply with respect to the Reference Entity in accordance with the Physical Settlement Matrix as it applies to the above Transaction Type, as though such Physical Settlement Matrix were set out in full in the Final Terms. For the avoidance of doubt, the Obligation Category, Obligation Characteristics, Deliverable Obligation Category and Deliverable Obligation Characteristics (among others) shall have the meanings ascribed to them in the Physical Settlement Matrix applicable to the above Transaction Type.]

[If the Transaction Type is specified but the terms of the Physical Settlement Matrix will be modified:

Notwithstanding anything to the contrary of the Physical Settlement Matrix, the following terms set out in the Physical Settlement Matrix applicable to the above Transaction Type shall be amended, supplemented and/or modified as follows for the purpose of the Notes:

[insert details of modification, e.g:

[In respect of the Deliverable Obligation Characteristics, [•] shall not be applicable]

[In respect of the Obligation Characteristics, [•] shall not be applicable]]

(iii) Trade Date: [•]

(iv) Reference Entity(ies) [•]

(v) Reference Entity [•]/[As per the Asset Terms and Conditions for Credit Notes] Notional Amount:

(vi) Reference Obligation(s):

The obligations identified as follows:	[Not Specified]/[Applicable]			
Primary Obligor:	[•]			
Guarantor:	[•]			
Maturity:	[•]			
Coupon:	[•]			
CUSIP/ISIN:	[•]			
Original Issue Amount:	[•]			
	[The obligation specified as the Reference Obligation above shall be the Original Non-Standard Reference Obligation notwithstanding that such obligation is not an obligation of the Reference Entity, and notwithstanding any contrary provision of the definition of "Original Non-Standard Reference Obligation" (and, for the avoidance of doubt, paragraph (a) of the definition thereof applies).]/[Delete if not applicable or if Reference Obligation above is an obligation of the Reference Entity]			
Standard Reference Obligation:	[Not Applicable]/[Applicable]			
(vii) Settlement Method:	[Auction Settlement]/[Cash Settlement]/[Physical Settlement]			
	[Unwind Costs: [Not Applicable]/[Standard Unwind Costs]/[insert amount]]			
	[For Cash Settlement only, if different from the Asset Terms and Conditions for Credit Notes:			
	Cash Settlement Date: [•] Business Days immediately following the determination of the Weighted Average Final Price			
	Credit Event Cash Settlement Amount: [•]			
	Minimum Quotation Amount: [•]]			
(viii) Fallback Settlement Method:	[Cash Settlement]/[Physical Settlement]			
(ix) Settlement Deferral:	[Applicable]/[Not Applicable]			
(x) Merger Event:	[Condition 3(c) of the Asset Terms and Conditions for Credit Notes [Applicable/Not Applicable]]			
	(If Applicable):			
	[Merger Event Redemption Date: [•]/[The date as selected by the Issuer in its sole and absolute discretion]]			
(xi) LPN Reference Entities:	[Not Applicable]/[Applicable]			
(xii) Terms relating to Cash Settlement:	[As per the Asset Terms and Conditions for Credit Notes]/[Not Applicable]/[Specify variations or additions to the Asset Terms and Conditions for Credit Notes]			
(xiii) Terms relating to Physical Settlement:	[As per the Asset Terms and Conditions for Credit Notes]/[Not Applicable]/[Specify variations or additions to the Asset Terms and Conditions for Credit Notes]			

(xiv) Accrual of Interest upon Credit Event:

[As per Condition 4(a)(a)(i) of the Asset Terms and Conditions for Credit Notes]/[As per Condition 4(a)(a)(ii) of the Asset Terms and Conditions for Credit Notes]/[As per Condition 4(a)(b) of the

Asset Terms and Conditions for Credit Notes]

(xv) Interest following scheduled maturity:

[As per the Asset Terms and Conditions for Credit Notes / [•]]

(xvi) Additional Disruption Events:

The following Additional Credit Note Disruption Events apply to the Notes:]/[Not Applicable]

(Specify each of the following which applies.)

[Change in Law]

[Hedging Disruption]

[Increased Cost of Hedging]

(xvii) Additional Provisions:

[Change in Standard Terms and Market Conventions: [Not Applicable]][Delete if Change in Standard Terms and Market *Conventions applies*]]

[In respect of [the Reference Entity]/[specify relevant Reference

Entity],

[Include Accrued Interest]/[Exclude Accrued Interest] applicable] [In respect of [the Reference Entity]/[specify relevant Reference Entity], Trigger Percentage: [•]/[As per the Asset Terms and Conditions for Credit Notes]] [Delete if CoCo Supplement is not

*applicable*]

(xviii) Credit Event Backstop Date:

[The date that is 60 calendar days prior to the Trade Date]/[Issue

Date]/[Other]

(xix) Calculation and Settlement Suspension:

[Applicable]/[Not Applicable]

(xx) Seniority Level: [Senior Level]/[Subordinated Level]/[•]

(xxi) All Guarantees: [Applicable]/[Not Applicable]

(xxii) Other terms or special conditions:

[Not Applicable]/[For bespoke CLN: The following special conditions shall apply to the Notes. For the avoidance of doubt, in the event of any inconsistency between the special conditions and the Asset Terms and Conditions for Credit Notes, the special

conditions will prevail.]

Credit Events: [Bankruptcy]

[Failure to Pay]

[Grace Period Extension: [Applicable/ Not Applicable]]

[Grace Period: [•] (specify if not the fallback definition in the

Asset Terms and Conditions for Credit Notes)]

[Obligation Acceleration]

[Obligation Default]

[Repudiation/Moratorium]

[Restructuring]

[Governmental Intervention]

[Additional Credit Event: [•]]

[Notice Delivery Period: [•] Credit Note Business Days after the

Extension Date (specify if different from Asset Terms and

Conditions for Credit Notes)]

[As specified in the Asset Terms and Conditions for Credit Notes] - Default Requirement:

[•] (specify if not the fallback definition in the Asset Terms and

Conditions for Credit Notes)

- Payment Requirement: [As specified in the Asset Terms and Conditions for Credit Notes]

[•] (specify if not the fallback definition in the Asset Terms and

Conditions for Credit Notes)

Notice of Publicly Available

Information:

[Applicable]/[Not Applicable]

[If Applicable:

Public Source(s): [•]

(specify if other than in the definition in Condition 1 of the Asset

Terms and Conditions for Credit Notes )

Specified Number: [•]

(If none specified, then it is deemed to be two)]

Obligation(s):

- Obligation Category: (select one only)

[Payment]

[Borrowed Money]

[Reference Obligations Only]

[Bond]

[Loan]

[Bond or Loan]

- Obligation Characteristics: (select all of which apply)

[Not Subordinated]

[Specified Currency: [Standard Specified Currency]/[Other

(specify)]

[Not Sovereign Lender]

[Not Domestic Currency:]

[Domestic Currency means: [•] (specify currency if different from

the Asset Terms and Conditions for Credit Notes)]

[Not Domestic Law]

[Listed]

[Not Domestic Issuance]

- Excluded Obligation(s): [None]/[Other (specify)] **Deliverable Obligations:** - Deliverable Obligation [Payment] Category: (select one only) [Borrowed Money] [Reference Obligations Only] [Bond] [Loan] [Bond or Loan] - Deliverable Obligation [Not Subordinated] Characteristics: (select all of [Specified Currency: [Standard Specified Currency]/[Other which apply) (specify)] [Not Sovereign Lender] [Not Domestic Currency:] [Domestic Currency means: [•] (specify currency if different from the Asset Terms and Conditions for Credit Notes)] [Not Domestic Law] [Listed] [Not Domestic Issuance] [Assignable Loan] [Consent Required Loan] [Direct Loan Participation] [Transferable] [Maximum Maturity: [30] years] [Accelerated or Matured] [Not Bearer] - Excluded Deliverable [•] **Obligations:** [None]] **GENERAL PROVISIONS** (i) Form of Notes: Registered Notes (ii) Global Certificate: [Applicable]/[Not Applicable] (If Notes are issued in definitive form, this paragraph (ii) should be "Not Applicable") Financial Centre(s): [Not Applicable]/[•] (Specify financial centre)

Listing and Admission to

Trading:

30

31

32

Payment Dates)

of exchange].]

(N.B. This item relates to the place of payment, and not Interest

[Not Applicable]/[The Notes [are]/[will be] listed on [insert name

Ratings: [The Notes will not be rated.]

34 Security Codes and Ticker

Symbols:

- ISIN: [•]/[Not Applicable]

- Common Code: [•]/[Not Applicable]

- CMU Instrument [•]/[Not Applicable]

Number:

Clearing and Trading:

- Delivery: Delivery [against]/[free of] payment

35 Agents:

Fiscal Agent: [CSI Capital Management Limited

26th Floor, CITIC Tower 1 Tim Mei Avenue, Central

Hong Kong]/

[Citicorp International Limited

39th Floor, Citibank Tower, Citibank Plaza

3 Garden Road Hong Kong]

Calculation Agent: [CSI Capital Management Limited]

Clearing Agent: [Euroclear and Clearstream, Luxembourg / CMU Service /

other]/[Not Applicable]

Issuing and Paying Agent: [CSI Capital Management Limited / Citibank, N.A., London

Branch]/[Not Applicable]

CMU Lodging and Paying

Agent:

[Citicorp International Limited]/[Not Applicable]

Additional Agents: [Applicable]/[Not Applicable]

Transfer Agent and [CSI Capital Management Limited / Citicorp International

Registrar: Limited / Citibank, N.A., London Branch]

36 Dealer(s): [•]/[Not Applicable]

## [FILING AND REPORTING

The Issuer has filed or caused to file certain prescribed documents with the National Development and Reform Commission (the "NDRC") of the PRC for the offering of the Notes pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (NDRC Waizi [2015] No. 2044) (《國家發改委關於推進企業發行外債備案登記制管理改革的通知》(發改外資[2015]2044 號))(the "NDRC Circular"). The Issuer received an NDRC pre-issuance registration certificate on [●] from the NDRC pursuant to the NDRC Circular. The Issuer undertakes to report the relevant information in connection with the Notes to the NDRC as soon as practicable and in any event within ten business days after the Issue Date.]<sup>(1)</sup>

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Final Terms.
Signed on behalf of the Issuer:
By: Duly authorised
Notes:

(1) There is no need to include this paragraph if the maturity of the Notes is less than one year.

#### APPENDIX 2 – TEXT OF THE NOTE GUARANTEE

The text of the Note Guarantee is set out below.

"THIS AMENDED AND RESTATED DEED OF GUARANTEE (the "Deed") is made on 25 November 2015 (the "Programme Date") by CITIC Securities International Company Limited (中信証券國際有限公司) (the "Note Guarantor"), in favour of the Relevant Account Holders (as defined in the Amended and Restated Deed of Covenant referred to below) of each Guaranteed Series and the holders for the time being of the Notes (as defined below) of each Guaranteed Series. Each Relevant Account Holder and each holder of a Note is referred to herein as a "Guaranteed Holder".

#### WHEREAS:

- (A) CSI Financial Products Limited (the "Issuer") and the Note Guarantor, inter alia, have entered into an Amended and Restated Agency Agreement dated on or about the Programme Date (the "Amended and Restated Agency Agreement", which expression includes the same as it may be amended, supplemented or restated from time to time) under which the Issuer may from time to time issue notes (the "Notes") pursuant to its US\$10,000,000,000 Medium Term Note Programme (the "Programme"), as such limit may be increased from time to time pursuant to a Dealer Agreement relating to the Programme dated on or about the Programme Date between the Issuer, the Note Guarantor and the dealers named in it (the "Dealer Agreement"). The Final Terms (as defined in the Amended and Restated Agency Agreement) issued in respect of a series of Notes will specify whether this Deed applies to that series (each series to which this Deed applies is a "Guaranteed Series").
- (B) The Issuer has executed an Amended and Restated Deed of Covenant dated the Programme Date (the "Amended and Restated Deed of Covenant") relating to Notes issued by the Issuer.
- (C) In relation to the Guaranteed Series issued before the date of this Deed, the Note Guarantor entered into a Deed of Guarantee dated 28 July 2014 (the "**Original Deed of Guarantee**").
- (D) This Deed amends and restates the Original Deed of Guarantee.
- (E) Terms defined in the terms and conditions of the Notes of a Guaranteed Series (the "Conditions") and not otherwise defined in this Deed shall have the same meaning when used in this Deed.

## **NOW THIS DEED WITNESSES** as follows:

- 1. The Note Guarantor irrevocably and unconditionally guarantees by way of deed poll to each Guaranteed Holder that, if for any reason, the Issuer does not pay any sum payable by it to such Guaranteed Holder in respect of any Note of a Guaranteed Series or, in the event that any assets or rights fall to be delivered under the Conditions, fails to pay and deliver such assets or rights in accordance with the Conditions (including any premium or any other amounts of whatever nature or additional amounts which may become payable under any of the foregoing), as and when the same shall become due under the Conditions of the relevant Guaranteed Series, the Note Guarantor will within 14 (fourteen) Business Days after receipt of written notice pay to such Guaranteed Holder the amount payable but not paid by the Issuer to such Guaranteed Holder, or deliver any assets or rights required to be delivered but not delivered in accordance with the Conditions by the Issuer to such Guaranteed Holder. This Deed does not apply to the Notes of any series unless the relevant Final Terms specifies this Deed applies to that series.
- 2. Without affecting the Issuer's obligations, the Note Guarantor will be liable under this Deed as if it were the sole principal debtor and not merely a surety. Accordingly, it will not be discharged, nor will its liability be affected, by anything which would not discharge it or affect its liability if it were the sole principal debtor (including (a) any time, indulgence, waiver or consent at any time given to the Issuer or any other person, (b) any amendment to any Note of a Guaranteed Series or the Amended and Restated Deed of Covenant or to any security or other guarantee or indemnity, (c) the making or absence of any demand on the Issuer or any other person for payment, (d) the enforcement or absence of enforcement of any Note of a Guaranteed Series, the Amended and Restated Deed of Covenant or of any security or other guarantee or indemnity, (e) the release of any such security, guarantee or indemnity, (f) the dissolution,

amalgamation, reconstruction or reorganisation of the Issuer or any other person or (g) the illegality, invalidity or unenforceability of or any defect in any provision of any Note of a Guaranteed Series or the Amended and Restated Deed of Covenant or any of the Issuer's obligations under any of them).

- 3. The Note Guarantor's obligations under this Deed are and will remain in full force and effect by way of continuing security until no sum remains payable under any Note of a Guaranteed Series or the Amended and Restated Deed of Covenant. Furthermore, these obligations of the Note Guarantor are additional to, and not instead of, any security or other guarantee or indemnity at any time existing in favour of a Guaranteed Holder, whether from the Note Guarantor or otherwise. The Note Guarantor irrevocably waives all notices and demands whatsoever, except as provided herein.
- 4. If the payment received by a Guaranteed Holder is, on the subsequent liquidation or insolvency of the Issuer, avoided under any laws relating to liquidation or insolvency, such payment will not be considered as having discharged or diminished the liability of the Note Guarantor and this Deed will continue to apply as if such payment had at all times remained owing by the Issuer.
- 5. As a separate and alternative stipulation, the Note Guarantor unconditionally and irrevocably agrees that any sum expressed to be payable by the Issuer under any Note of a Guaranteed Series but which is for any reason (whether or not now known or becoming known to the Issuer, the Note Guarantor or any Guaranteed Holder) not recoverable from the Note Guarantor on the basis of a guarantee will nevertheless be recoverable from it as if it were the sole principal debtor and will be paid by it to the Guaranteed Holder on demand. This indemnity constitutes a separate and independent obligation from the other obligations in this Deed, gives rise to a separate and independent cause of action and will apply irrespective of any indulgence granted by any Guaranteed Holder.
- 6. The obligation of the Note Guarantor under this Deed constitutes a direct, unconditional, unsecured and general obligation of the Note Guarantor and ranks and will rank equally with all its other existing and future unsecured obligations including those in respect of deposits but excluding any debts for the time being preferred by law and any subordinated obligations.
- 7. The Note Guarantor hereby warrants, represents and covenants with each Guaranteed Holder that it has all corporate power, and has taken all necessary corporate or other steps, to enable it to execute, deliver and perform this Deed, and that this Deed constitutes a legal, valid and binding obligation to the Note Guarantor in accordance with its terms.
- 8. This Deed shall take effect as a deed poll for the benefit of the Guaranteed Holders from time to time for the time being. An original copy of this Deed shall be deposited with and held by the Fiscal Agent, for the benefit of the Guaranteed Holders until all the obligations of the Note Guarantor have been discharged in full.
- 9. The Note Guarantor hereby acknowledges the right of every Guaranteed Holder to the production of, and the right of every Guaranteed Holder to obtain (upon payment of a reasonable charge) a copy of, this Deed, and further acknowledges and covenants that the obligations binding upon it contained herein are owed to, and shall be for the account of, each and every Guaranteed Holder, and that each Guaranteed Holder shall be entitled severally to enforce the said obligations against the Note Guarantor.
- 10. Until all amounts which may be payable and due under the Notes of a Guaranteed Series have been irrevocably paid in full, the Note Guarantor shall not by virtue of this Deed be subrogated to any rights of any Guaranteed Holder or claim in competition with the Guaranteed Holders against the Issuer.
- 11. This Deed is governed by, and shall be construed in accordance with, Hong Kong law. The Note Guarantor agrees that the courts of Hong Kong are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Deed and accordingly any legal action or proceedings (together referred to as the "**Proceedings**") arising out of or in connection with this Deed may be brought in such courts. Nothing contained in this Clause shall limit any right to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any court of competent jurisdiction preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

<b>IN WITNESS</b> whereof the above mentioned."	ne Note Guarantor has	s caused this Dee	d to be duly execute	ed on the Programme Date

#### REGISTERED OFFICE OF THE ISSUER

P.O. Box 957, Offshore Incorporation Centre Road Town, Tortola British Virgin Islands

## REGISTERED OFFICE OF THE NOTE GUARANTOR

26<sup>th</sup> Floor, CITIC Tower 1 Tim Mei Avenue, Central Hong Kong

#### CALCULATION AGENT

## **CSI Capital Management Limited**

26<sup>th</sup> Floor, CITIC Tower 1 Tim Mei Avenue, Central Hong Kong

## **FISCAL AGENT**

## Citicorp International Limited

39<sup>th</sup> Floor, Citibank Tower, Citibank Plaza 3 Garden Road Hong Kong

## **CSI Capital Management Limited**

26<sup>th</sup> Floor, CITIC Tower 1 Tim Mei Avenue, Central Hong Kong

## ISSUING AND PAYING AGENT

## Citibank, N.A., London Branch

c/o Citibank, N.A. Ground Floor 1 North Wall Quay Dublin 1 Ireland

#### **CSI Capital Management Limited**

26<sup>th</sup> Floor, CITIC Tower 1 Tim Mei Avenue, Central Hong Kong

## CMU LODGING AND PAYING AGENT

## **Citicorp International Limited**

55<sup>th</sup> Floor, One Island East 18 Westlands Road, Island East Hong Kong

# TRANSFER AGENT AND REGISTRAR

## **Citicorp International Limited**

55<sup>th</sup> Floor, One Island East 18 Westlands Road, Island East Hong Kong

# Citibank, N.A., London Branch

c/o Citibank, N.A. Ground Floor 1 North Wall Quay Dublin 1 Ireland

# **CSI Capital Management Limited**

26<sup>th</sup> Floor, CITIC Tower 1 Tim Mei Avenue, Central Hong Kong

## **LEGAL ADVISERS**

To the Issuer and the Note Guarantor
as to Hong Kong law
Linklotors

Linklaters 10th Floor Alexandra House Chater Road Hong Kong To the Issuer as to BVI law Conyers Dill & Pearman 2901 One Exchange Square 8 Connaught Place Central, Hong Kong