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THE FOLLOWING ATTACHED DOCUMENTS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON. DISTRIBUTION OR REPRODUCTION OF THE ATTACHED DOCUMENTS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE SECURITIES LAWS OF OTHER JURISDICTIONS.

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This offering circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither EuroMASTR PLC nor UBS Limited nor any person who controls any of them respectively (nor any director, officer, employee or agent of it or affiliate of any such person) accepts any liability or responsibility whatsoever in respect of any difference between the offering circular distributed to you in electronic format and the hard copy version available to you on request from UBS Limited.

## EUROMASTR PLC

(Incorporated with limited liability in England and Wales with registered number 6135603)

### Mortgage Backed Securities Programme

Under this Mortgage Backed Securities Programme (the **Programme**), EuroMASTR PLC (the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the Relevant Dealer(s) (as defined below).

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Summary of Programme*" below and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer**, and together, the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the **relevant Dealer(s)** shall, in the case of an issue of Notes being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

Application has been made to the Irish Financial Services Regulatory Authority (the **Financial Regulator**), as competent authority under Directive 2003/71/EC (the **Prospectus Directive**), for this Offering Circular to be approved. Application has been made to the Irish Stock Exchange Limited (the **Irish Stock Exchange**) for Notes issued under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to the Official List and trading on its regulated market. Such approval relates only to the Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of EU Directive 93/22/EEC or which are to be offered to the public in any Member State of the European Economic Area. This Offering Circular constitutes a base prospectus (the **Base Prospectus**) for the purposes of the Prospectus Directive. Reference throughout this document to "Offering Circular" shall be taken as meaning "Base Prospectus".

References in this Offering Circular to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading on the Irish Stock Exchange's market for listed securities and have been admitted to the Official List of the Irish Stock Exchange. The Irish Stock Exchange's market for listed securities is a regulated market for the purposes of Directive 93/22/EEC (the **Investment Services Directive**).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in the supplement to this Offering Circular (the **Supplement**) which, with respect to Notes to be listed on the Irish Stock Exchange, will be delivered to the Financial Regulator and the Irish Stock Exchange on or before the date of issue of such Tranche of Notes.

The Notes may be in bearer or registered form (respectively, **Bearer Notes** and **Registered Notes**) and may be represented by one or more Notes in global form (**Global Notes**) in each case as set out in the applicable Supplement.

All references herein to "Notes" include, unless specifically provided otherwise, any detachable interest coupons relating to the related Class of Notes, whether attached thereto or, following Coupon Stripping (as defined herein), detached therefrom (the **Detachable Coupons**). Likewise, references to "Noteholders" include, unless specifically provided otherwise, the holders of the Detachable Coupons.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the Issuer and the relevant Dealer(s). The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market. In addition, the Issuer may issue Mortgage Early Repayment Certificates (the **Series MERCs** and the holders thereof, the **Series MERC Holders**) and Residual Certificates (the **Series Residuals** and the holders thereof, the **Series Residual Holders**). The Series MERCs and the Series Residuals are not being offered by this Offering Circular and no application has or will be made to have the Series MERCs or the Series Residuals admitted to the Official List of The Irish Stock Exchange or any other Stock Exchange.

**An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "Risk Factors".**

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or the securities laws of any state of the United States, and may not be offered or sold within the United States or to, or for the benefit of, U.S. persons unless such securities are registered under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. See "*Form of the Notes*" for a description of the manner in which Notes will be issued. The Issuer has not been and will not be registered under the United States Investment Company Act of 1940, as amended (**Investment Company Act**). The Notes are being offered solely (a) outside the United States to non-U.S. persons in offshore transactions (as defined in Regulation S) in reliance on Regulation S or (b) within the United States in reliance on Rule 144A under the Securities Act (**Rule 144A**) to qualified institutional buyers as defined therein (**Qualified Institutional Buyers or QIBs**). The Notes may not be offered or sold in a transaction that causes the Issuer to be required to register under the Investment Company Act.

The Issuer may agree with any Dealer and the relevant Series Note Trustee in respect of a Series that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event (in the case of Notes admitted to the Official List of the Irish Stock Exchange or to the official list of any other Stock Exchange) a supplementary prospectus or a further prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

#### Programme Arranger

UBS Investment Bank

#### Initial Dealer

UBS Investment Bank

This Offering Circular comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive.

The date of this Offering Circular is 13 June 2007.

Save for the information contained in the sections of this Offering Circular headed "*Programme Account Bank, Series Account Bank and Series Agent Bank*", "*Security Trustee and Series Note Trustee*" and "*Series Portfolio Seller*", the Issuer (as **Responsible Person** for the purposes of the Prospectus Directive) accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

Copies of any supplement to this Offering Circular will be available from the registered office of the Issuer and the specified office set out below of each of the Series Paying Agents (as defined below).

Any investment in the Notes does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Financial Regulator.

The Notes will be obligations solely of the Issuer and (unless specified otherwise in the relevant Supplement in respect of a Series Credit Provider) will not be guaranteed by, or be the responsibility of, any other entity, save that the Parent has given authority to the Issuer to satisfy the obligations under the Notes out of the assets held under the Programme Issuer Declaration of Trust (as defined below) and to grant security over those assets as security for payment of the Notes, and has provided further security over its assets as security for payment of the Notes. In particular, the Notes will not be obligations of, and will not be guaranteed by, or be the responsibility of any Series Originator, any Series Portfolio Seller, the Programme Arranger, the Dealers in respect of any Series, the Share Trustee, the Share Nominee, any Series Liquidity Facility Provider, any Series Currency Swap Provider, any Series Interest Rate Cap Provider, any Series Interest Rate Swap Provider, any Series Basis Rate Swap Provider, any Series Administrator, any Series Mortgage Servicer, any Series Mortgage Special Servicer, any Series Cash Manager, any Series Calculation and Reporting Agent, any Series Standby Mortgage Servicer, the Security Trustee, any Series Note Trustee, any Series Account Bank, any Series GIC Account Bank, any Series Operational Account Bank or the Corporate Services Provider.

Neither the Programme Arranger, the Dealers in respect of any Series, nor any Series Note Trustee nor the Security Trustee have 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 the Programme Arranger, the Dealers in respect of any Series, any Series Note Trustee or the Security Trustee as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer in connection with the Programme. Neither the Programme Arranger, the Dealers in respect of any Series, nor any Series Note Trustee, nor the Security Trustee accepts any liability in relation to the information contained in this Offering Circular or any other information provided by the Issuer in connection with the Programme.

This Offering Circular is submitted to investors for use solely in connection with the consideration of the purchase of Notes, or other transactions exempt from registration under the Securities Act. In particular, this Offering Circular is not submitted to investors in connection with the consideration of the purchase of any Series MERCs or any Series Residuals.

No person is or has been authorised by the Issuer, the Programme Arranger, any of the Dealers of any Series, any Series Note Trustee or the Security Trustee to give any information or to make any representation not contained in or not consistent with this Offering Circular 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 Programme Arranger, any of the Dealers of any Series, any Series Note Trustee or the Security Trustee.

Neither this Offering Circular 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 by the Issuer, any Series Originator, any Series Portfolio Seller, the Programme Arranger,

any of the Dealers of any Series, any Series Note Trustee or the Security Trustee that any recipient of this Offering Circular 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. Neither this Offering Circular 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, any Series Originator, any Series Portfolio Seller, the Programme Arranger, any of the Dealers of any Series, any Series Note Trustee or the Security Trustee to any person to subscribe for or to purchase any Notes.

Each initial and subsequent purchaser of the Notes will be deemed, by its acceptance of such Notes, to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer thereof as set forth therein and described in this Offering Circular and, in connection therewith, may be required to provide confirmation of its compliance with such resale and other transfer restrictions in certain cases. See "*Subscription and Sale and Transfer and Selling Restrictions*" below.

The Issuer, the Programme Arranger, the Dealers, any Series Note Trustee and the Security Trustee make no representation to any prospective investor or purchaser of the Notes regarding the legality of investment therein by such prospective investor or purchaser under applicable legal investment or similar laws or regulations. See "*United States Legal Investment Considerations*" below.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer and/or any Series Portfolio Seller and/or Series Originator is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Programme Arranger, the Dealers in respect of any Series, each Series Note Trustee and the Security Trustee expressly do not undertake to review the financial condition or affairs of the Issuer, any Series Portfolio Seller or any Series Originator during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

UBS AG, London Branch accepts responsibility for the information contained in "*Series Portfolio Seller*" below. To the best of the knowledge and belief of UBS AG, London Branch (which it has taken reasonable care to ensure that such is the case) the information contained in the section referred to above is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by UBS AG, London Branch as to the accuracy or completeness of any information contained in this Offering Circular (other than the information mentioned above) or any other information supplied in connection with the Notes or their distribution.

HSBC Bank plc accepts responsibility for the information contained in "*Programme Account Bank, Series Account Bank and Series Agent Bank*" below. To the best of the knowledge and belief of HSBC Bank plc (which it has taken reasonable care to ensure that such is the case) the information contained in the section referred to above is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by HSBC Bank plc as to the accuracy or completeness of any information contained in this Offering Circular (other than the information mentioned above) or any other information supplied in connection with the Notes or their distribution.

HSBC Trustee (C.I.) Limited accepts responsibility for the information contained in "*Security Trustee and Series Note Trustee*" below. To the best of the knowledge and belief of HSBC Trustee (C.I.) Limited (which it has taken reasonable care to ensure that such is the case) the information contained in the section referred to above is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by HSBC Trustee (C.I.) Limited as to the accuracy or completeness of any information contained in this Offering Circular (other than the information mentioned above) or any other information supplied in connection with the Notes or their distribution.

Arthur Cox Listing Services Limited is acting solely in its capacity as Listing Agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to the official list of the Irish Stock Exchange or to trading on the Irish Stock Exchange for the purposes of the Prospectus Directive.

This Offering Circular 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 Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Programme Arranger, the Dealers of any Series, each Series Note Trustee and the Security Trustee do not represent that this Offering Circular 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 assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Programme Arranger, the Dealers of any Series, any Series Note Trustee or the Security Trustee which would permit a public offering of any Notes outside the United Kingdom or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular 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 Offering Circular or any Notes may come, must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States and the European Economic Area (including the United Kingdom), see "*Subscription and Sale and Transfer and Selling Restrictions*" below.

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Notes being offered, including the merits and risks involved. The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Offering Circular or confirmed the accuracy or determined the adequacy of the information contained in this Offering Circular. Any representation to the contrary is unlawful.

Payments of interest and principal in respect of the Notes will be subject to any applicable withholding taxes without the Issuer being obliged to pay additional amounts thereof.

Any websites mentioned in this document do not constitute part of this Offering Circular.

## U.S. INFORMATION

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (**Securities Act**), or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the benefit of, U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**)) unless the Notes are registered under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Issuer has not been and will not be registered under the United States Investment Company Act of 1940, as amended (**Investment Company Act**). The Notes are being offered solely (a) outside the United States to non-U.S. persons in offshore transactions (as defined in Regulation S) in reliance on Regulation S or (b) within the United States in reliance on Rule 144A under the Securities Act (**Rule 144A**) to qualified institutional buyers as defined therein (**Qualified Institutional Buyers** or **QIBs**). The Notes may not be offered or sold in a transaction that causes the Issuer to be required to register under the Investment Company Act. See "*Form of the Notes*" for a description of the manner in which the Notes will be issued. Registered Notes are subject to certain restrictions on transfer, see "*Subscription and Sale and Transfer and Selling Restrictions*" below.

The Notes sold in reliance on Rule 144A under the Securities Act of 1933 will be represented on issue by global notes in registered form for each of the Notes (the **Rule 144A Global Notes**). The Notes sold in reliance on Regulation S under the Securities Act will be represented on issue by global notes in either bearer or registered form for each of the Notes (the global notes in registered form being the **Reg S Global Notes** and, together with the Rule 144A Global Notes, the **Registered Global Notes**).

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

Notwithstanding anything herein to the contrary, from the commencement of discussions with respect to the transaction contemplated by this Offering Circular, all persons may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transaction described herein and all materials of any kind (including opinions and other tax analyses) that are provided to such persons relating to such tax treatment and tax structure, except to the extent that any such disclosure could reasonably be expected to cause this offering not to be in compliance with securities laws. For purposes of this paragraph, the tax treatment of this transaction is the purported or claimed U.S. federal income tax treatment of this transaction and the tax structure of this transaction is any fact that may be relevant to understanding the purported or claimed U.S. federal income tax treatment of this transaction.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE SEC), ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR ANY STATE SECURITIES LAWS. THE NOTES MAY NOT BE OFFERED OR SOLD DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OR TO, OR FOR THE BENEFIT OR ACCOUNT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS.

THE NOTES MAY BE OFFERED AND SOLD IN THE UNITED STATES ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE LAWS OF ANY STATE. THE NOTES MAY ALSO BE CONTEMPORANEOUSLY OFFERED AND SOLD OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS PURSUANT TO THE REQUIREMENTS OF REGULATION S UNDER THE SECURITIES ACT. THERE IS NO UNDERTAKING TO REGISTER THE NOTES UNDER STATE OR FEDERAL SECURITIES LAW.

THE NOTES CANNOT BE RESOLD IN THE UNITED STATES OR TO U.S. PERSONS UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON REALES AND TRANSFERS, SEE "*FORM OF THE NOTES*".

Each purchaser or holder of interests in the Notes will be deemed by its acceptance or purchase of such Notes to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in "*Subscription and Sale and Transfer and Selling Restrictions*" below.

#### **NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY**

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE STATE OF NEW HAMPSHIRE REVISED STATUTES (**RSA**) NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B OF THE RSA IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

#### **AVAILABLE INFORMATION**

To permit compliance with Rule 144A under the Securities Act in connection with the sale of the Notes pursuant to Rule 144A, for so long as any of the Notes are restricted securities within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will furnish, upon request of a holder of such a Note or of any beneficial owner thereof, to such holder, beneficial owner or a prospective purchaser designated by such holder or beneficial owner the information required to be delivered under Rule 144A(d)(4) under the Securities Act if at the time of the request the Issuer is neither a reporting company under Section 13 or Section 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the **Exchange Act**) nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act.



## ENFORCEABILITY OF JUDGMENTS

The Issuer is a public limited company registered in England and Wales. All of the Issuer's assets are located outside the United States. None of the officers and directors of the Issuer are residents of the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuer or such persons not residing in the United States with respect to matters arising under the federal or state securities laws of the United States, or to enforce against them judgments of courts of the United States predicated upon the civil liability provisions of such securities laws. There is doubt as to the enforceability in the United Kingdom, in original actions or in actions for the enforcement of judgments of U.S. courts, of civil liabilities predicated solely upon such securities laws.

## FORWARD LOOKING STATEMENTS

Any projections, forecasts and estimates in this Offering Circular are forward looking statements and are based on reasonable assumptions. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the projections will not materialise or will vary significantly from actual results. Accordingly, the projections are only an estimate and there can be no assurance that any projected or forecasted results will be attained. Actual results may vary from the projections, and the variations may be material.

Some important factors that could cause actual results to differ materially from those in any forward looking statements include changes in interest rates; market, financial or legal uncertainties; and political changes, among others. Consequently, the inclusion of forward looking statements in this Offering Circular should not be regarded as a representation by the Issuer, any Series Portfolio Seller, the Programme Arranger, any of the Dealers of any Series, any Series Note Trustee or the Security Trustee, or any of their respective affiliates or any other person or entity, of the results that actually will be achieved by the Issuer.

None of the Issuer, any Series Portfolio Seller, the Programme Arranger, any of the Dealers of any Series, any Series Note Trustee or the Security Trustee, or any of their respective affiliates, has any obligation to update or otherwise revise any projections, forecasts or estimates, including any revisions to reflect changes in economic conditions or other circumstances arising after the date of this Offering Circular or to reflect the occurrence of unanticipated events, even if the underlying assumptions do not hold true.

## DEFINED TERMS

Capitalised terms used in this Offering Circular have the meanings set out in the Glossary at the back of this Offering Circular unless they are defined where they first appear in this Offering Circular.

All references in this Offering Circular to *Sterling* and *£* refer to pounds sterling, to *U.S. dollars*, *US\$* and *\$* refer to United States dollars and to *euro* and *€* refer to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers of any Series (if any) named as Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Supplement may over-allot Notes (provided that, in the case of any Tranche of Notes to be admitted to trading on the Irish Stock Exchange, the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Tranche) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilising action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes.**

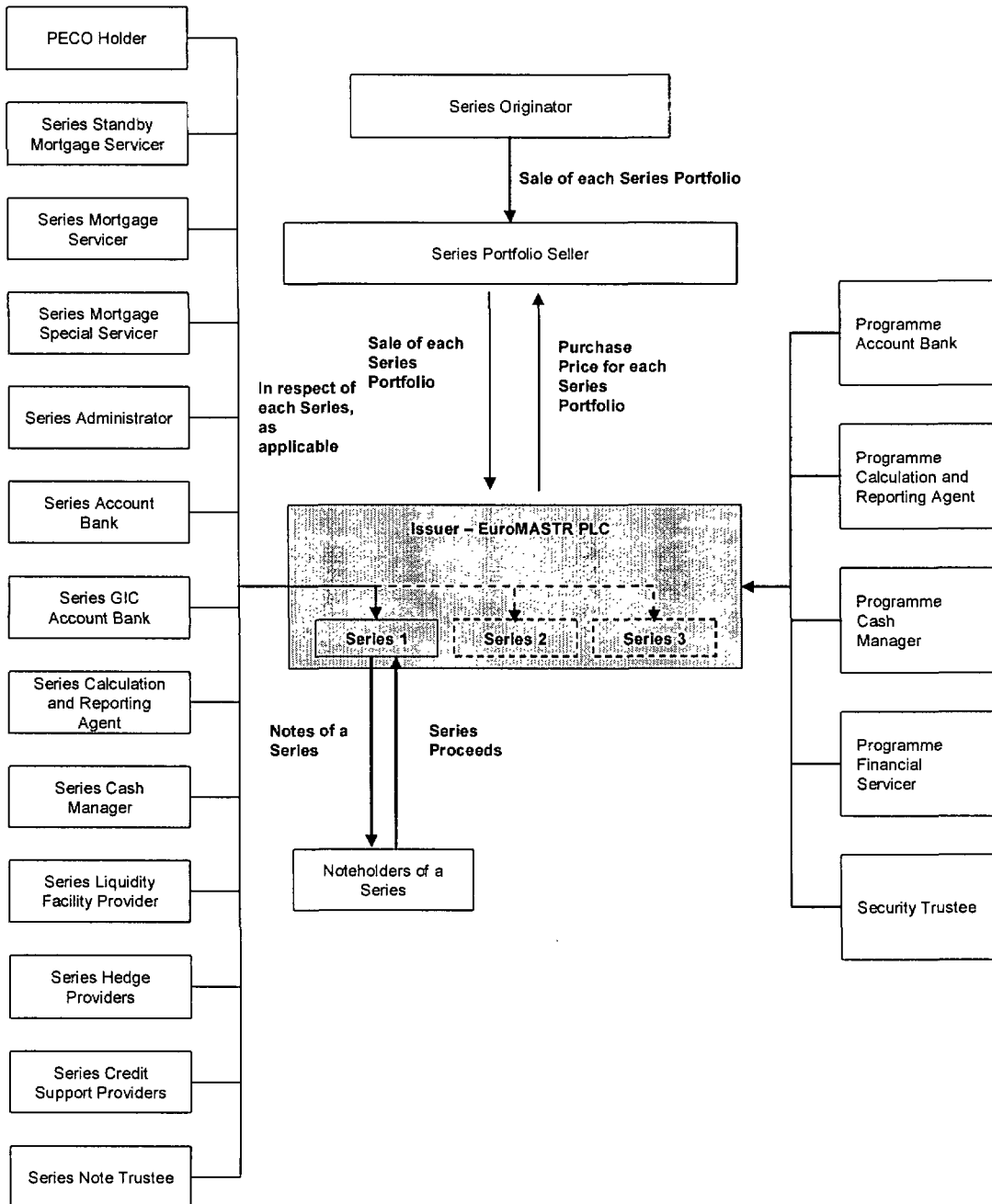
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## SUMMARY OF PROGRAMME

*The information in this section is a summary of the structure relating to the Programme and does not purport to be complete. The information is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Supplement.*

### Structure Diagram



## STRUCTURE OVERVIEW

**Programme:** Under the terms of the Programme, the Issuer may from time to time, subject to certain conditions, issue Series of Notes as described herein. The conditions of each issue of Notes will be contained in the Supplement which must be read in conjunction with this Offering Circular.

**Purchase of Series Portfolios:** The Issuer will apply the proceeds of each Series of Notes (if not denominated in Sterling, after swapping the same into Sterling under the relevant Series Currency Swap Agreement), to purchase from a Series Portfolio Seller (i) on each Issue Date a Series Completion Mortgage Pool together with its Collateral Security and (ii) if specified in the relevant Supplement, a Series Prefunded Mortgage Pool on the dates specified in the relevant Supplement, in each case in accordance with the terms of the relevant Series Portfolio Purchase Agreement dated the relevant Issue Date and entered into by the relevant Series Portfolio Seller, the Issuer and the Security Trustee. The general characteristics of each Series Completion Mortgage Pool and Series Prefunded Mortgage Pool, if applicable, are described below under "*The Series Portfolios*", and further information regarding each Series Completion Mortgage Pool and Series Prefunded Mortgage Pool, if applicable, will be contained in the relevant Supplement to this Offering Circular, which will be prepared in connection with the sale of each Series Completion Mortgage Pool to the Issuer and the issue of Notes in connection therewith. A Series Portfolio may also include any Substitute Loans and Further Advances acquired by the Issuer in accordance with the provisions of the relevant Series Portfolio Purchase Agreement, as described below under "*Transaction Documents – Series Portfolio Purchase Agreements*".

A Series Portfolio may be comprised of one or more series sub-portfolios (each, a **Series Sub-Portfolio**) of Loans. The Loans in each Series Sub-Portfolio will be originated or acquired by one or more Series Originators, administered by a single Series Administrator and serviced by a single Series Mortgage Servicer. If specified in the relevant Supplement, monitoring and recovery of arrears and enforcement services in relation to the Loans in each Series Sub-Portfolio may be provided by a single Series Mortgage Special Servicer; and if not so specified such enforcement services will be provided by the relevant Series Mortgage Servicer. The Loans in different Series Sub-Portfolios may have different characteristics and different servicing and administration terms as described in the applicable Supplement.

The consideration payable to each Series Portfolio Seller for the sale of any Series Portfolio on the applicable Issue Date will be comprised of (i) an amount equal to the aggregate Balances of the Loans comprised in a Series Portfolio as at the applicable Issue Date, and (ii) the Series MERCs and/or Series Residuals and/or Series Subordinated Notes (as described below under "*Description of the Notes – Series MERCs*", "*Description of the Notes – Series Residuals*" and "*Structure Overview – Series Subordinated Notes*" and/or (iii) such other forms of payment obligations of the Issuer, as specified in the relevant Supplement (see below under "*Description of the Notes – Uncertificated Series MERCs and Series Residuals*").

**Mortgage and Loans:** Each Mortgage in respect of any Series Portfolio will be a mortgage or charge

of, or standard security over, a residential property in England, Wales, and (but only to the extent specified in the applicable Supplement) Scotland or Northern Ireland. Loans will be eligible for inclusion in a Series Portfolio subject to satisfaction of the Transfer Conditions. See "*Transaction Documents – Series Portfolio Purchase Agreements – Transfer Conditions*" below.

Unless necessary to maintain or obtain a specific rating of a Class of Notes, the Transaction Documents will provide that, unless and until the Security in respect of a group of Series Assets becomes enforceable and the Security Trustee so directs, title to the Loans and the Mortgages relating to such Series will not be perfected by the Issuer.

**Programme Financial Servicer:**

Pursuant to the terms of the Programme Cash Management Agreement dated on or about the Programme Date, UBS AG, London Branch in its capacity as Programme Financial Servicer will, from time to time on behalf of the Issuer, identify and recommend portfolios in respect of each Series (the **Series Portfolios**) for purchase by the Issuer and advise the Issuer in connection therewith, acting at all times in accordance with the terms set out in the Programme Cash Management Agreement.

**Series Mortgage Servicing Agreement:**

The series mortgage servicer in respect of a Series Sub-Portfolio within a Series Portfolio or a Series Portfolio (a **Series Mortgage Servicer**) as specified in the relevant Supplement will be appointed under the terms of a series mortgage servicing agreement to be dated on or about the relevant Issue Date and made between it, the Issuer, the Security Trustee, the relevant Series Administrator in respect of the relevant Series Sub-Portfolio or Series Portfolio, the relevant Series Calculation and Reporting Agent and the relevant Series Cash Manager (a **Series Mortgage Servicing Agreement**) as agent for the Issuer and the Security Trustee, *inter alia*, to service the relevant Series Sub-Portfolio (if applicable) or Series Portfolio on behalf of the Issuer and the Security Trustee to the extent of their respective interests therein.

Each Series Portfolio will be serviced on a segregated basis and each relevant Series Mortgage Servicer will be required to maintain records such that each Loan is at all times identified in respect of a particular Series Sub-Portfolio (if applicable) and Series Portfolio. A Series Mortgage Servicer's duties in respect of the relevant Series Sub-Portfolio or Series Portfolio will include the collection of payments under the Loans in such Series Sub-Portfolio or Series Portfolio from Borrowers and the transfer of collections from the relevant Series Operational Account into the relevant segregated Series Bank Account, assisting the Series Calculation and Reporting Agent in the preparation of the quarterly Series Performance Report in respect of such Series Sub-Portfolio or Series Portfolio, assisting the Programme Calculation and Reporting Agent in the preparation of the quarterly Programme Report and (unless specified as the responsibility of a Series Mortgage Special Servicer in the applicable Supplement) monitoring and recovering arrears and enforcing the Loans in such Series Sub-Portfolio or Series Portfolio. With regard to certain other servicing functions and discretions relating to the relevant Series Sub-Portfolio or Series Portfolio, each Series Mortgage Servicer will act on the instructions of the relevant Series Administrator in respect of that Series Sub-Portfolio or Series Portfolio.

Each Series Mortgage Servicer is permitted in respect of the relevant Series in specified circumstances or with the consent of the Issuer and the Security

Trustee to sub-contract or delegate its obligations under the relevant Series Mortgage Servicing Agreement. Each Series Mortgage Servicer will in such case enter into a sub-contracting arrangement as discussed below under "*Transaction Documents – Series Mortgage Servicing Agreement – Sub-Contracting and Delegation*". Notwithstanding any delegation or sub-contracting arrangements, each relevant Series Mortgage Servicer will remain primarily responsible for the performance of its obligations under the relevant Series Mortgage Servicing Agreement in respect of each Series. Without prejudice to the generality of the foregoing, it is envisaged that in relation to any Series where UBS AG, London Branch is appointed as Series Mortgage Servicer, it may sub-contract the performance of its duties as Series Mortgage Servicer pursuant to certain outsourcing arrangements as specified in the relevant Supplement.

The appointment of each Series Mortgage Servicer will be subject to certain termination events both on a Series basis and on a Programme basis as described below under "*Transaction Documents – Series Mortgage Servicing Agreement – Termination*" and for further details on the appointment of each Series Mortgage Servicer see "*Transaction Documents – Series Mortgage Servicing Agreement*" in general.

**Series Mortgage Special Servicing Agreement:**

Monitoring and recovery of arrears and enforcement services in relation to the Loans and Collateral Security in any Series Portfolio or Series Sub-Portfolio may be undertaken by (i) the relevant Series Mortgage Servicer acting on the directions of the relevant Series Administrator in accordance with the relevant Series Mortgage Servicing Agreement and Series Administration Agreement, or, if specified in the applicable Supplement, (ii) a separate Series Mortgage Special Servicer acting on the directions of the relevant Series Administrator in accordance with a Series Mortgage Special Servicing Agreement and Series Administration Agreement. Any Series Mortgage Special Servicer will provide services in relation to the monitoring and recovery of arrears and the enforcement of the Loans and Collateral Security in the relevant Series Portfolio (or Sub-Portfolio, if applicable) as agent for and on behalf of the Issuer and the Security Trustee. A Series Mortgage Special Servicer will not be liable for the special servicing functions of any other Series Mortgage Special Servicer or Series Mortgage Servicer appointed in respect of any other Series Sub-Portfolio or Series Portfolio and will be responsible only for the Loans in the relevant Series Sub-Portfolio or Series Portfolio specified in the relevant Series Mortgage Special Servicing Agreement.

A Series Mortgage Special Servicer is permitted in specified circumstances or with prior notification to the Issuer, the relevant Series Administrator, the Security Trustee and the Rating Agencies to sub-contract or delegate its obligations under a Series Mortgage Special Servicing Agreement subject to the proposed arrangement not adversely affecting the then current ratings of the Notes of the relevant Series, and subject to the Series Mortgage Special Servicer remaining primarily responsible for its obligations under the relevant Series Mortgage Special Servicing Agreement. Without prejudice to the generality of the foregoing, it is envisaged that in relation to any Series where UBS AG, London Branch is appointed as Series Mortgage Special Servicer, it may sub-contract the performance of its duties as Series Mortgage Special Servicer pursuant to certain outsourcing arrangements as specified in the relevant Supplement.

The appointment of each Series Mortgage Special Servicer will be subject to

certain termination events both on a Series basis and on a Programme basis. For further details, see "*Transaction Documents – Series Mortgage Special Servicing Agreement*" below.

**Series Administration Agreement:**

A series administrator in respect of a Series Sub-Portfolio within a Series Portfolio or a Series Portfolio (a **Series Administrator**) as specified in the relevant Supplement will be appointed under the terms of a series administration agreement for each Series to be dated on or about the relevant Issue Date and made between it, *inter alios*, the Issuer and the Security Trustee (a **Series Administration Agreement**). Each Series Administrator will provide certain administration and management services in respect of the relevant Series Sub-Portfolio or Series Portfolio to the Issuer and the Security Trustee in relation to the administration services to be provided by the relevant Series Mortgage Servicer in respect of that Series Sub-Portfolio or Series Portfolio. A Series Administrator will not be liable for the administration functions of any other Series Administrator appointed in respect of any other Series Sub-Portfolio or Series Portfolio within the relevant Series and will be responsible only for the Loans in the relevant Series Sub-Portfolio or Series Portfolio specified in the relevant Series Administration Agreement.

**Series Standby Mortgage Servicing Agreement:**

If specified in the applicable Supplement, a series standby mortgage servicer in respect of a Series Portfolio or a Series Sub-Portfolio (a **Series Standby Mortgage Servicer**) as specified in the relevant Supplement will be appointed under the terms of a series standby mortgage servicing agreement to be dated on or about the relevant Issue Date and made between it, *inter alios*, the Issuer, the Security Trustee and the relevant Series Administrator in respect of the relevant Sub-Portfolio or Series Portfolio (a **Series Standby Mortgage Servicing Agreement**). The terms of each Series Standby Mortgage Servicing Agreement will provide that if the appointment of the relevant Series Mortgage Servicer in respect of a Series Sub-Portfolio or Series Portfolio is terminated, the Series Standby Mortgage Servicer for such Series Sub-Portfolio or Series Portfolio will assume the servicing functions of the relevant Series Mortgage Servicer with respect to the relevant Series Sub-Portfolio or Series Portfolio on behalf of the Issuer and the Security Trustee to the extent of their interests therein. No Series Standby Mortgage Servicer shall be required to assume the servicing functions of any Series Mortgage Servicer other than the Series Mortgage Servicer in respect of the Series Sub-Portfolio or Series Portfolio to which the relevant Series Standby Mortgage Servicer's appointment relates. For further details, see "*Transaction Documents – Series Standby Mortgage Servicing Agreement*" below.

**Programme Bank Account:**

Pursuant to the terms of the Programme Bank Account Agreement dated on or about the Programme Date, and entered into by, *inter alios*, the Issuer and the Programme Account Bank, the Issuer will open a Programme Account with the Programme Account Bank for the purposes of the Programme.

Amounts standing to the credit of the Programme Account will be applied in accordance with the Programme Priority of Payments described below under "*Credit Structure – Programme Priority of Payments*".

The appointment of the Programme Account Bank will be subject to certain termination events as described below under "*Transaction Documents – Programme Bank Account Agreement*".

**Series Bank Accounts**

Pursuant to the terms of a Series Bank Account Agreement to be dated on or

**and Authorised  
Investments:**

about the relevant Issue Date in respect of each Series, the Issuer will open with the Series Account Bank a Series Transaction Account and the Issuer will open with the Series GIC Account Bank the Series GIC Accounts, and each such account will be operated on a segregated basis for the relevant Series.

In relation to each Series, the Issuer, or the relevant Series Cash Manager on behalf of the Issuer, may invest amounts standing to the credit of the relevant Series Transaction Account and/or the relevant Series GIC Accounts in Authorised Investments in accordance with the terms of the relevant Series Cash Management Agreement.

Only amounts received in respect of a Series will be paid into the applicable Series Transaction Account and such amounts will be kept segregated from and will not be co-mingled with any amounts received in respect of other Series.

Amounts standing to the credit of each Series Bank Account and, *inter alia*, the proceeds of investing in Authorised Investments will be applied in accordance with the applicable Series Priorities of Payments as set out in the relevant Supplement.

The appointment of each Series Account Bank and each Series GIC Account Bank will be subject to certain termination events as described below under "*Transaction Documents – Series Bank Account Agreement*".

**Series Operational  
Accounts**

Unless otherwise specified in the relevant Supplement, Barclays Bank PLC will act as the Series Operational Account Bank (the **Series Operational Account Bank**). The Series Portfolio Seller will open a Series Operational Account with the Series Operational Account Bank into which amounts received from Borrowers in respect of the relevant Loans are to be paid. A single bank account may serve as the Series Operational Account in relation to more than one Series simultaneously. The Series Portfolio Seller will, in relation to each Series and pursuant to the Series Portfolio Purchase Agreement, declare a trust in favour of the Issuer of its interest in the Series Operational Account in relation to amounts due to the Issuer in respect of that Series. Unless the relevant Supplement specifies a more frequent basis, amounts due to the Issuer pursuant to the Series Portfolio Purchase Agreement in respect of the relevant Loans are to be swept to the relevant Series Bank Account on a weekly basis. For further information see "*Transaction Documents – Series Bank Account Agreement*" below.

**Programme Cash  
Management  
Agreement:**

Pursuant to the terms of the Programme Cash Management Agreement dated on or about the Programme Date and entered into by, *inter alios*, the Issuer, the Programme Calculation and Reporting Agent and the Programme Cash Manager, the Programme Calculation and Reporting Agent and the Programme Cash Manager will, respectively, provide certain calculation and reporting services and certain cash management services to the Issuer in respect of the Programme.

The Programme Calculation and Reporting Agent's duties will include maintaining separate ledgers in respect of receipts from the Programme Assets, ensuring the segregation of funds in respect of the Programme, administering the Programme Priority of Payments and preparing a quarterly Programme Cash Management Report. The Programme Cash Manager's



duties will include the making of payments pursuant to the Programme Priority of Payments. For further details see "*Transaction Documents – Programme Cash Management Agreement*" below.

**Series Cash Management Agreement:**

Pursuant to the terms of each Series Cash Management Agreement in respect of each Series of Notes dated on or about the relevant Issue date and entered into by, *inter alios*, the Issuer, the Series Calculation and Reporting Agent and the Series Cash Manager, the Series Cash Manager and the Series Calculation and Reporting Agent will provide, respectively, certain cash management services and certain calculation and reporting services to the Issuer in respect of the relevant Series on a segregated basis.

The Series Calculation and Reporting Agent's duties include maintaining a separate set of ledgers (as discussed below under "*Series Cash Management Agreement – Series Ledgers*") for each Series in respect of receipts from the applicable Series Assets and the administration of the applicable Series Priorities of Payments as specified in the relevant Supplement such that there is at all times an identifiable segregation of funds of each Series and calculating amounts payable by and payable to the Issuer in respect of a Series under the Transaction Documents, including amounts payable under any Series Liquidity Facility Agreement or Series Credit Support Agreement.

The Series Cash Manager's duties will include making payments on each Distribution Date in accordance with the Series Priorities of Payments for the relevant Series (as set out in the relevant Supplement), investing on behalf of the Issuer amounts standing to the credit of the relevant Series Transaction Accounts in Authorised Investments in accordance with the terms of the Transaction Documents in respect of the relevant Series and carrying out other general cash management functions on behalf of the Issuer.

For further details, see "*Transaction Documents – Series Cash Management Agreements*" below.

**Payments to Noteholders of a Series:**

The Issuer will apply the following funds, received from time to time from the Series Assets, to make payments of principal and interest on Notes of a particular Series and any other amounts payable by the Issuer in connection with that Series in accordance with the applicable Series Priorities of Payments as set forth in the relevant Supplement:

- principal receipts and interest receipts from Loans in the related Series Portfolio;
- amounts standing to the credit of the relevant Series Bank Accounts, including the proceeds relating to the relevant Series GIC Accounts and/or any Authorised Investments and any Series Reserve Fund Amounts;
- amounts received by the Issuer under the relevant Series Liquidity Facility Agreement (if any);
- amounts received by the Issuer under the relevant Series Hedge Agreements (if any);
- amounts received by the Issuer under the relevant Series Credit Support Agreements (if any); and

- any other amounts received by the Issuer in connection with a Series as set out in the relevant Supplement.

**Programme Issuer Declaration of Trust:**

Pursuant to a declaration of trust (the **Programme Issuer Declaration of Trust**) dated on or about the Programme Date in favour of the Parent, the Issuer will declare a trust over its assets (which at such date will consist of a nominal amount of cash). Pursuant to the Programme Issuer Declaration of Trust, the Issuer will be authorised (a) to acquire Series Portfolios, (b) to incur Secured Liabilities (including the issuance of Notes) and to satisfy such Secured Liabilities out of trust assets (which will include amounts received in respect of each Series Portfolio) ahead of payments to the Parent and (c) to grant security over the trust assets (which will include the Series Portfolios and the Issuer's rights under the Transaction Documents) pursuant to the terms of the Security Deed.

Pursuant to the terms of the Programme Issuer Declaration of Trust, the Parent, as sole beneficiary, will covenant to the Security Trustee not to call for the trust to be dissolved. The Programme Issuer Declaration of Trust will be created to enhance the segregation of the relevant Series Assets. In respect of each Series, a separate trust (a **Series Issuer Declaration of Trust**), supplemental to the trust created under the Programme Issuer Declaration of Trust, will be created for purposes of segregation of the relevant Series Assets on or about the relevant Issue Date.

**Security Deed:**

The Issuer and the Parent will grant security over all of their present and future assets in favour of HSBC Trustee (C.I.) Limited as Security Trustee for itself and all of the other Secured Creditors, pursuant to the terms of the security deed dated on or about the Programme Date and entered into by the Issuer, the Parent and the Security Trustee (the **Security Deed**). Series Additional Security in the form of a Scottish Supplemental Charge will always be required in relation to any Scottish Loans comprised in a Series Portfolio acquired by the Issuer after the date of the Security Deed.

The Security created by the Issuer pursuant to the Security Deed will primarily consist of: (a) a first fixed charge (which may take effect as a floating charge) over the Issuer's present and future interests in the Loans and their Collateral Security, (b) an equitable assignment of the Issuer's interests in Insurance Contracts relating to the Loans, (c) a first fixed charge (which may take effect as a floating charge) over the Issuer's present and future rights to all moneys standing to the credit of the Programme Account, each Series Bank Account and any other bank account which the Issuer has an interest in from time to time, (d) a first fixed charge (which may take effect as a floating charge) over the Issuer's present and future investments from time to time held by or on behalf of the Issuer, (e) an assignment of the Issuer's rights under the Transaction Documents (including the Programme Documents and Series Documents in respect of each Series) and (f) a first floating charge over the undertakings and all the assets of the Issuer not otherwise charged or assigned by way of fixed security under the Security Deed (but extending over all of the Issuer's assets located in or governed by the law of Scotland (if any)).

The Security created by the Parent pursuant to the Security Deed will consist of:

- (a) an assignment of the Parent's rights and interest under the Programme Issuer Declaration of Trust; and
- (b) a first floating charge over the undertakings and all the assets of the Parent not otherwise charged by way of fixed charge under the Security Deed (but extending over all of the Issuer's assets located in or governed by the law of Scotland).

The Parent gives such security over its assets as security for the payment of the Issuer's obligations (including the Notes). However, such security is given over the Parent's interest in the relevant Series Portfolios and does not represent security over any additional assets. Further, the Parent has no obligations to Secured Creditors in respect of the Issuer's obligations once security over the Parent's assets has been realised.

In relation to the security created pursuant to the Security Deed and any supplement thereto see "*Risk Factors – General Risk Factors – Fixed charges may take effect under English Law as floating charges*".

In relation to the issue of a Series, the Issuer will pursuant to a Series Security Deed Supplement, create Series Additional Security that is supplemental to, and will form part of, the Security created under the Security Deed. Series Additional Security in the form of a Scottish Supplemental Charge will always be required in relation to any Scottish Loans comprised in a Series Portfolio acquired by the Issuer after the date of the Security Deed.

In accordance with the terms of the Security Deed and the Intercreditor Deed, the Security Trustee will be responsible for enforcing the Security under the Security Deed. See further "*Transaction Documents – Security Deed*" below.

**Intercreditor Deed:**

Pursuant to the terms of the Intercreditor Deed dated on or about the Programme Date and a Series Intercreditor Deed Supplement entered into on or about the relevant Issue Date in connection with each sale of a Series Portfolio to the Issuer, the assets relating to each Series (the **Series Assets**) will be identified. The Series Assets will include the relevant Series Portfolio, the interest of the Issuer in the relevant Series Bank Accounts, the rights of the Issuer under the Transaction Documents applicable to the relevant Series and any Series Additional Security (as defined below) in respect of that Series. Pursuant to the terms of the Intercreditor Deed, assets not allocated to any Series will comprise the Programme Assets.

Under the Intercreditor Deed, each Secured Creditor (other than (save in respect of a Series in relation to which no Post-Enforcement Call Option Agreement is entered into) the Noteholders, the Series MERC Holders and/or Series Residual Holders (if any)) will agree, *inter alia*, to the following terms:

- only the Security Trustee and the Series Note Trustee in respect of the relevant Series may take action against the Issuer or the Parent and their respective assets to enforce the rights of the Noteholders and the other Secured Creditors against the Issuer. None of the Secured Creditors (other than the Security Trustee and the relevant Series Note Trustee in respect of the relevant Series and save as described below) will be entitled to proceed directly against the Issuer or the Parent or any assets of the Issuer or the Parent;

- none of the Secured Creditors (including, the Security Trustee and any Series Note Trustee) will be entitled to petition or take any other step for the winding-up, administration or similar proceedings in respect of the Issuer;
- none of the Series Secured Creditors in respect of a Series will have any claim against the Series Assets of any other Series and will only have recourse to the Series Assets of that Series; and
- none of the Programme Secured Creditors, in their capacity as such, have or will have any claim against any remaining Series Assets and will have recourse only to the Programme Assets.

It is a condition to the issue of any Series that the Security Trustee and all the Series Secured Creditors in relation to such Series (other than (save in respect of a Series in relation to which no Post-Enforcement Call Option Agreement is entered into) the Noteholders, the Series MERC Holders and/or Series Residual Holders (if any) of such Series) will enter into a Series Intercreditor Deed Supplement. Accordingly, all the future Series Secured Creditors and any person intended to become a Programme Secured Creditor will be bound by all the provisions of the Intercreditor Deed applicable to the Secured Creditors (other than as described above) as if they were original parties to the Intercreditor Deed.

Pursuant to the Intercreditor Deed, when all of the Secured Liabilities in respect of a Series have been discharged in full any remaining Series Assets relating to such Series will thereafter become Programme Assets.

**Series Security Trusts:**

Pursuant to the Intercreditor Deed, the Security will be subject to Series Security Trusts on a Series by Series basis for the relevant Noteholders of a Series and other Series Secured Creditors as described below.

- Upon a Series Event of Default in respect of a Series, the Security over the Series Assets of that Series (whether characterised as fixed or floating), if enforced, will be enforced separately from any other Series.
- The Security over the Series Assets relating to any Series will become immediately enforceable upon the relevant Series Note Trustee directing the Security Trustee to serve on the Issuer a Series Enforcement Notice or the relevant Series Note Trustee serving on the Issuer a Series Acceleration Notice in respect of such Series following the occurrence of a Series Event of Default in respect of such Series.
- There are no cross-default provisions between Series and the occurrence of a Series Event of Default under one Series will not of itself constitute a Series Event of Default under any other Series.
- A Programme Insolvency Event will constitute a Series Event of Default in respect of each Series (allowing a Series Enforcement Notice and/or a Series Acceleration Notice to be given in respect of each Series).

See further "*Transaction Documents – Security Deed*" and "*Transaction Documents – Intercreditor Deed*" below.

The Security over the Programme Assets will become immediately enforceable upon the occurrence of a Programme Insolvency Event or upon the giving of a Programme Enforcement Notice which shall be deemed to have been given if a Series Enforcement Notice and/or a Series Acceleration Notice has been given in respect of each Series following the occurrence of a Series Event of Default in respect of all Series.

The Series Secured Creditors of a particular Series will have no recourse to the Series Assets relating to any other Series or to the Programme Assets. See further "*Transaction Documents – Intercreditor Deed*".

**Agreement of Secured Creditors:**

To the extent that there are amounts still owed to a Series Secured Creditor after the Security Trustee has determined that the security over the applicable Series Assets has been enforced and as fully as practicable realised: (a) neither the Security Trustee nor any other Series Secured Creditor in relation to that Series may take any further steps, actions or proceedings against the Issuer or any of its assets to recover any sum still unpaid in respect of the Notes of such Series or other Series Secured Liabilities in respect of that Series including, without limitation, any sum or liability in respect of which an amount would or could, if the relevant funds had been available, have been or become payable to any person under the Series Priorities of Payments in respect of the relevant Series (save for the Security Trustee taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer) but without limitation to (b) and (c) following; (b) each Series Secured Creditor in relation to that Series (other than the Noteholders of that Series, unless the relevant Supplement specifies that there is to be no Post-Enforcement Call Option Agreement in relation to the relevant Notes) in respect of which any amount remains outstanding will cease to be a Series Secured Creditor and will become a Programme Secured Creditor in respect of the shortfall; and (c) all remaining or future Series Assets (if any) in relation to that Series will from such date of determination by the Security Trustee cease to be Series Assets relating to such Series and instead will convert to Programme Assets. It should be noted that unless the relevant Supplement specifies otherwise, Noteholders will be subject to the operation of a Series Post-Enforcement Call Option as to which see further "*Series Post-Enforcement Call Option in favour of the PECO Holder*", "*Transaction Documents – Security Deed*" and "*Transaction Documents – Intercreditor Deed*" below.

**Programme Priority of Payments:**

The parties to the Intercreditor Deed will agree that amounts received in respect of the Programme Assets and Programme liabilities funded at the Series level on a *pro rata* or referable basis and credited to the Programme Account in accordance with each Series Priorities of Payments, will be applied in accordance with the Programme Priority of Payments. See further "*Credit Structure – Programme Priority of Payments*".

**Series Priorities of Payments:**

The parties to the relevant Series Intercreditor Deed Supplement will agree that amounts received in respect of each group of Series Assets will be applied in accordance with the applicable Series Priorities of Payments as set out in the relevant Supplement and the relevant Series Cash Management Agreement and the terms of the Intercreditor Deed and the applicable Series

Intercreditor Deed Supplement. The following Series Priorities of Payments will be specified in the applicable Supplement related to each Series:

- prior to the service of a Series Enforcement Notice or a Series Acceleration Notice in respect of the Series, Available Revenue Funds will be applied in accordance with the Series Pre-Enforcement, Pre-Acceleration Revenue Priority of Payments;
- following the service of a Series Enforcement Notice but prior to the service of a Series Acceleration Notice in respect of the Series, Available Revenue Funds will be applied in accordance with the Series Post-Enforcement, Pre-Acceleration Revenue Priority of Payments;
- prior to the service of a Series Acceleration Notice in respect of the Series, Actual Redemption Funds will be applied in accordance with the Series Pre-Acceleration Principal Priority of Payments; and
- following the service of a Series Acceleration Notice in respect of the Series, all amounts received in respect of the Series will be applied in accordance with the Series Post-Acceleration Priority of Payments.

See further "*Credit Structure*" below.

Certain amounts payable by the Issuer at the Programme level under the Programme Priority of Payments, such as amounts payable to the Security Trustee, the Programme Financial Servicer, the Programme Account Bank in respect of the Programme Account, the Programme Calculation and Reporting Agent and the Programme Cash Manager in relation, respectively, to the administration of, and making of payments pursuant to, the Programme Priority of Payments and the Corporate Services Provider in respect of services to the Issuer, will be funded at the Series level on a *pro rata* basis (as Series Permitted Withdrawals in respect of each Series on any date other than a Distribution Date and in accordance with the relevant Series Priorities of Payments on the relevant Distribution Date) and allocated to the Programme Account for application in accordance with the Programme Priority of Payments. See further "*Risk factors – Series Referable Amounts*", "*Credit Structure – Series Permitted Withdrawals*" and "*Credit Structure – Series Priorities of Payments*" below.

Liabilities solely incurred in respect of a Series, such as amounts payable to the Series Note Trustee, the Series Agents, the Series Mortgage Servicers, the Series Mortgage Special Servicers (if any), the Series Administrators and the Series Standby Mortgage Servicers (if any) in respect of the administration and servicing of the relevant Series Portfolio, the Series Account Bank and the Series GIC Account Bank in respect of the Series Bank Accounts, the Series Calculation and Reporting Agent and the Series Cash Manager in relation, respectively, to the administration of and payment pursuant to the Series Priorities of Payments, the Series Liquidity Facility Provider (if any), the Series Hedge Providers and the Series Credit Support Providers (if any), will be funded at the Series level in accordance with the Series Priorities of Payments set out in the relevant Supplement and in the relevant Series Cash Management Agreement. See further "*Credit Structure – Series Priorities of Payments*" below.

**Series Liquidity Facility Agreement:**

If specified in the relevant Supplement, the Issuer will enter into a Series Liquidity Facility Agreement with a Series Liquidity Facility Provider. Pursuant to the terms of each Series Liquidity Facility Agreement in respect of each Series of Notes dated on or about the relevant Issue Date and entered into by, *inter alios*, the Issuer and the Series Liquidity Facility Provider, the Series Liquidity Facility Provider will provide funds to the Issuer for payment of certain liabilities of the Issuer under the relevant Series Priorities of Payments in the event the Issuer has insufficient funds available.

**Series Hedging:**

If specified in the relevant Supplement, the Issuer will enter into one or more Series Hedge Agreement(s) with one or more Series Hedge Provider(s) specified in the Supplement, to hedge certain interest rate, basis rate, currency and/or other risks in respect of amounts received by the Issuer in respect of the relevant Series Portfolio and amounts payable by the Issuer in respect of that Series. See further "*Credit Structure – Series Hedge Agreements – Series Interest Rate Cap Agreements; Series Interest Rate Swap Agreement; Series Basis Rate Swap Agreements; Series Currency Swap Agreements*" below.

In the event that the relevant ratings of a Series Hedge Provider (or any credit support provider of such Series Hedge Provider) are downgraded below the ratings specified in the relevant Series Hedge Agreement and as a result, the then current ratings of the relevant Series of Notes may be adversely affected, the Series Hedge Provider will be required to take certain remedial measures which may include providing collateral for its obligations, arranging for its obligations to be transferred to an entity with ratings required by the relevant Rating Agency, procuring another entity with ratings required by the relevant Rating Agency to become guarantor or co-obligor in respect of its obligations, or taking such other action as it may agree with the relevant Rating Agencies.

A Series Hedge Provider will have recourse only to the Series Assets of the Series in respect of which the Series Hedge Agreement was entered into. There will be no cross-defaults, cross-termination events or netting of payments across Series Hedge Agreements in respect of a different Series. See further "*Credit Structure – Series Hedge Agreements*" below.

**Series Credit Support:**

If specified in the relevant Supplement, one or more of the following types of Series credit support arrangements may be entered into by the Issuer with Series Credit Support Providers specified in the Supplement in respect of that Series:

- a financial guarantee issued in favour of the relevant Series Note Trustee in respect of certain liabilities of the Issuer to make payments of interest and principal on certain Classes of Notes in a Series;
- a letter of credit facility under which a letter of credit facility provider will issue one or more irrevocable letters of credit in favour of the Issuer if and when the Issuer has insufficient funds available to maintain specified ratings in respect of a Class of Notes in a Series; and
- such other credit support arrangements as may be described in the relevant Supplement.

The Series Credit Support Agreement in respect of a Series will specify the minimum ratings requirements for the relevant Series Credit Support

Provider. In the event that the relevant rating of a Series Credit Support Provider is downgraded below the specified minimum ratings, then the relevant Series Credit Support Provider will be required to take certain remedial measures which may include providing collateral for its obligations in accordance with the terms of the applicable Series Credit Support Agreement. See further "*Credit Structure – Series Credit Support Agreements*" below.

**Series Post-Enforcement Call Option in favour of the PECO Holder:**

Unless specified otherwise in the relevant Supplement (in which case the Conditions of the relevant Series Notes will provide that the Series Noteholders are to be subject to similar non-petition and limited recourse provisions as bind the other Series Secured Creditors), each Series Note Trustee in respect of a Series will on each Issue Date in respect of a Series grant, on behalf of the Noteholders of that Series, to UBS AG, London Branch (or any alternative entity specified in the relevant Supplement) (the **PECO Holder**) an option (the **Series Post-Enforcement Call Option**) to acquire all (but not part only) of the Notes of that Series (plus accrued interest thereon) pursuant to the terms of a Series Post-Enforcement Call Option Agreement in respect of any Series. The Series Post-Enforcement Call Option will be exercised without the prior approval of the Noteholders of that Series for a consideration of one penny per Note outstanding after notice has been received by the PECO Holder that (a) the Security over the Series Assets in relation to such Series has been enforced and as fully as practicable realised and the proceeds of such enforcement have been applied in accordance with the provisions of the applicable Series Priorities of Payments or (b) there are no remaining Series Assets relating to such Series that are capable of realisation. The PECO Holder has covenanted to the Issuer and the directors of the Issuer that subject to certain conditions it will exercise such Series Post-Enforcement Call Option. The Noteholders of a Series will be bound by the terms of any Series Post-Enforcement Call Option granted to the PECO Holder.

**Documentation:**

On the Programme Date, the following documents will be entered into:

- Intercreditor Deed (with a form of Series Intercreditor Deed Supplement scheduled thereto);
- Master Definitions and Construction Deed;
- Programme Agreement (with a form of Series Subscription Agreement scheduled thereto);
- Programme Bank Account Agreement;
- Programme Cash Management Agreement;
- Programme Corporate Services Agreement;
- Programme Issuer Declaration of Trust; and
- Security Deed.

On the Programme Date, the following documents will be signed by the Issuer and the Security Trustee for purposes of identification:

- Administration Terms (which will contain a form of Series



Administration Agreement scheduled thereto);

- Agency Terms (which will contain a form of Series Agency Agreement scheduled thereto);
- Bank Account Terms (which will contain a form of Series Bank Account Agreement scheduled thereto);
- Cash Management Terms (which will contain a form of Series Cash Management Agreement scheduled thereto);
- Mortgage Servicing Terms (which will contain a form of Series Mortgage Servicing Agreement scheduled thereto);
- Mortgage Special Servicing Terms (which contain a form of Series Mortgage Special Servicing Agreement scheduled thereto);
- Portfolio Purchase Terms (which will contain a form of Series Portfolio Purchase Agreement scheduled thereto);
- Standby Mortgage Servicing Terms (which will contain a form of Series Standby Mortgage Servicing Agreement scheduled thereto); and
- Trust Deed Terms (which will contain a form of Series Trust Deed scheduled thereto).

The above documents which will be entered into or signed for identification purposes on the Programme Date are together referred to as the **Programme Documents**.

In connection with each sale of a Series Portfolio to the Issuer and the issuance of each Series by the Issuer, a supplement to this Offering Circular will be prepared and the Series Portfolio Seller, the Issuer and the Security Trustee (as applicable) will enter into the following documents unless otherwise specified in the relevant Supplement (the **Series Documents**) with the appropriate parties, together with any other documentation required by the Issuer, the Security Trustee, the Series Note Trustee or the Rating Agencies in respect of the relevant Series:

- Scottish Declaration of Trust (if applicable);
- Supplemental Scottish Declaration of Trust (if applicable);
- Scottish Supplemental Charge (if applicable);
- Series Administration Agreement (incorporating the Administration Terms);
- Series Agency Agreement (incorporating the Agency Terms);
- Series Bank Account Agreement (incorporating the Bank Account Terms);
- Series Cash Management Agreement (incorporating the Cash

Management Terms);

- Series Credit Support Agreements if specified in the relevant Supplement;
- Series Exchange Rate Agreement if specified in the relevant Supplement;
- Series Guaranteed Investment Contract(s)
- Series Hedge Agreements as specified in the relevant Supplement;
- Series Intercreditor Deed Supplement;
- Series Issuer Declaration of Trust;
- Series Liquidity Facility Agreement if specified in the relevant Supplement;
- Series Mortgage Servicing Agreement (incorporating the Mortgage Servicing Terms);
- Series Mortgage Special Servicing Agreement (incorporating the Mortgage Special Servicing Terms) if specified in the relevant Supplement;
- Series Portfolio Purchase Agreement (incorporating the Portfolio Purchase Terms);
- Series Post-Enforcement Call Option Agreement;
- Series Security Deed Supplement (including any Scottish Supplemental Charge, if applicable);
- Series Standby Mortgage Servicing Agreement (incorporating the Standby Mortgage Servicing Terms) if specified in the relevant Supplement;
- Series Subscription Agreement; and
- Series Trust Deed (incorporating the Trust Deed Terms).

The Programme Documents and the Series Documents are together referred to as the **Transaction Documents** and are further described in this Offering Circular under "*Transaction Documents*" and "*Credit Structure*" below.

Each of the Transaction Documents will be governed by English law except that certain provisions of the Transaction Documents will be governed by Northern Irish law to the extent that such provisions relate to Northern Irish Loans and by Scots law to the extent that such provisions relate to Scottish Loans.

## THE PARTIES

- Issuer:** EuroMASTR PLC, a special purpose company incorporated in England and Wales with limited liability. The Issuer's company registration number is 6135603 and its registered office is at 35 Great St Helen's, London, EC3A 6AP. The Issuer's issued share capital is held by EuroMASTR Holdings Limited (the **Parent**) except for one share held by SFM Nominees Limited (the **Share Nominee**) as nominee of the Parent under the terms of a declaration of trust dated 7 March 2007 (the **Share Trust**). No Series Portfolio Seller owns, directly or indirectly, any of the share capital of the Issuer.
- Parent:** EuroMASTR Holdings Limited, a special purpose company incorporated in England and Wales with limited liability. The Parent's company registration number is 6032166 and its registered office is at 35 Great St Helen's, London, EC3A 6AP. All of the Parent's issued share capital and all rights attaching thereto is held by SFM Corporate Services Limited (the **Share Trustee**) under the terms of a trust established by a declaration of trust dated 6 March 2007 (the **Charitable Share Trust**) for the benefit of certain charitable purposes.
- Series Originator:** In respect of a Series, any person or persons specified in the relevant Supplement who are in the business of advancing or acquiring residential mortgage loans to borrowers in England, Wales, Northern Ireland and/or Scotland (each, a **Series Originator**).
- Series Portfolio Seller:** UBS AG, London Branch or any other member of the UBS Group (each, a **Series Portfolio Seller**) who is in the business of acquiring residential mortgage loans, in its capacity as a Series Portfolio Seller, will from time to time sell Loans and their Collateral Security originated or acquired by one or more Series Originators (and purchased by the Series Portfolio Seller) to the Issuer pursuant to the terms of a Series Portfolio Purchase Agreement in respect of the relevant Series Portfolio. See "*The Series Portfolios*" and "*Transaction Documents – Series Portfolio Purchase Agreements*" below.
- Series Mortgage Servicer:** In respect of a Series, any person or persons specified in the relevant Supplement will be appointed under the terms of a series mortgage servicing agreement in respect of each Series Portfolio or Series Sub-Portfolio thereof, with, *inter alios*, the Issuer and the Security Trustee (a **Series Mortgage Servicing Agreement**), as a series mortgage servicer (each a **Series Mortgage Servicer**) for the Issuer and the Security Trustee, *inter alia*, to service the relevant Series Portfolio or Series Sub-Portfolio on behalf of the Issuer and the Security Trustee to the extent of their interests therein. See "*Transaction Documents – Series Mortgage Servicing Agreement*" below.
- Series Administrator:** In respect of a Series, any person or persons specified in the relevant Supplement will be appointed under the terms of a series administration agreement in respect of each Series Portfolio or Series Sub-Portfolio thereof, with, *inter alios*, the Issuer and the Security Trustee (a **Series Administration Agreement**) as a series administrator (each, a **Series Administrator**) and will provide certain administration and management services to the Issuer and the Security Trustee in relation to the administration services to be provided by the relevant Series Mortgage Servicer in respect of that Series Portfolio or Series Sub-Portfolio. See "*The Series Portfolios*" and "*Transaction Documents – Series Administration Agreement*" below.

- Series Mortgage Special Servicer:** In respect of a Series, the person or persons specified in the relevant Supplement (if any) will be appointed under the terms of a Series Mortgage Special Servicing Agreement in respect of each Series Portfolio or Series Sub-Portfolio thereof, with, *inter alios*, the Issuer and the Security Trustee, (a **Series Special Servicing Agreement**) as a series mortgage special servicer (each a **Series Mortgage Special Servicer**) for the Issuer and the Security Trustee, *inter alia*, to perform monitoring, recovery of arrears and enforcement services in relation to the Loans and Collateral Security in the relevant Series Portfolio or Series Sub-Portfolio on behalf of the Issuer and the Security Trustee. If not specified in the relevant Supplement, such monitoring, recovery of arrears and enforcement services will be carried out by the relevant Series Mortgage Servicer. See "*Transaction Documents – Series Mortgage Special Servicing Agreement*" and "*Transaction Documents – Series Mortgage Servicing Agreement*" below.
- Series Standby Mortgage Servicer:** In respect of a Series, the person or persons specified in the relevant Supplement (if any) will be appointed under the terms of a series standby mortgage servicing agreement in respect of each Series Portfolio or Series Sub-Portfolio thereof, with, *inter alios*, the Issuer and the Security Trustee (a **Series Standby Mortgage Servicing Agreement**) as series standby mortgage servicer (each, a **Series Standby Mortgage Servicer**). The terms of each Series Standby Mortgage Servicing Agreement will provide that if the appointment of the relevant Series Mortgage Servicer is terminated, the Series Standby Mortgage Servicer will assume the responsibility of the relevant Series Mortgage Servicer, *inter alia*, to administer the relevant Series Portfolio or Series Sub-Portfolio (as the case may be) on behalf of the Issuer and the Security Trustee to the extent of their interests therein. See "*Transaction Documents – Series Standby Mortgage Servicing Agreement*" below.
- Programme Financial Servicer:** Pursuant to the terms of the Programme Cash Management Agreement dated on or about the Programme Date, UBS AG, London Branch will initially be appointed as Programme Financial Servicer. See "*Transaction Documents – Programme Cash Management Agreement – Programme Financial Servicer*" below.
- Programme Cash Manager:** Pursuant to the terms of the Programme Cash Management Agreement dated on or about the Programme Date, HSBC Bank plc will initially be appointed as Programme Cash Manager to provide cash management services to the Issuer in respect of the Programme. See "*Transaction Documents – Programme Cash Management Agreement*" below.
- Programme Calculation and Reporting Agent:** Pursuant to the terms of the Programme Cash Management Agreement dated on or about the Programme Date, Wells Fargo Securitisation Services Limited will initially be appointed as Programme Calculation and Reporting Agent to provide calculation and reporting services to the Issuer in respect of the Programme. See "*Transaction Documents – Programme Cash Management Agreement*" below.
- Series Cash Manager:** Pursuant to the terms of a Series Cash Management Agreement, HSBC Bank plc or any other person as specified in the relevant Supplement will be appointed as Series Cash Manager in respect of each Series to provide cash management services to the Issuer. See "*Transaction Documents – Series Cash Management Agreements*" below.

<b>Series Calculation and Reporting Agent:</b>	Pursuant to the terms of a Series Cash Management Agreement, Wells Fargo Securitisation Services Limited or any other person as specified in the relevant Supplement will be appointed as Series Calculation and Reporting Agent in respect of each Series to provide calculation and reporting services to the Issuer. See " <i>Transaction Documents – Series Cash Management Agreements</i> " below.
<b>Programme Account Bank:</b>	The Programme Account will be held with HSBC Bank plc in its capacity as Programme Account Bank pursuant to the terms of the Programme Bank Account Agreement dated on or about the Programme Date. See " <i>Programme Account Bank</i> " and " <i>Transaction Documents – Programme Bank Account Agreement</i> " below.
<b>Series Account Bank:</b>	The Series Transaction Accounts in respect of each Series will be held on a segregated basis with HSBC Bank plc, or any other person as specified in the relevant Supplement, in its capacity as Series Account Bank pursuant to the terms of the relevant Series Bank Account Agreement. See " <i>Transaction Documents – Series Bank Account Agreements</i> " below.
<b>Series GIC Account Bank:</b>	The Series GIC Accounts in respect of each Series will be held on a segregated basis with the series GIC account bank specified in the relevant Supplement pursuant to the terms of the relevant Series Bank Account Agreement. See " <i>Transaction Documents – Series Bank Account Agreements</i> " below.
<b>Series Operational Account Bank:</b>	The Series Operational Accounts (as defined below) will be held with Barclays Bank PLC, or any other person as specified in the relevant Supplement, in its capacity as Series Operational Account Bank pursuant to the terms of the relevant Series Bank Account Agreement. See " <i>Credit Structure – Series Bank Accounts</i> " and " <i>Credit Structure – Series Operational Accounts</i> " below.
<b>Security Trustee:</b>	HSBC Trustee (C.I.) Limited will be appointed as Security Trustee pursuant to the terms of the Intercreditor Deed and each Series Intercreditor Deed Supplement to hold the benefit of the Security granted by the Issuer to the Security Trustee for itself and on behalf of the Secured Creditors under the Security Deed. See " <i>Transaction Documents – Intercreditor Deed</i> " and " <i>Transaction Documents – Security Deed</i> " below.
<b>Series Note Trustee:</b>	Unless specified otherwise in the relevant Supplement, the Series Note Trustee in respect of each Series will be HSBC Trustee (C.I.) Limited. The Series Note Trustee for each Series will be appointed pursuant to the terms of the relevant Series Trust Deed, to act on behalf of the Noteholders of the relevant Series. See " <i>Transaction Documents – Series Trust Deeds</i> " below.
<b>Series Liquidity Facility Provider:</b>	If specified in the relevant Supplement, the Issuer will enter into a Series Liquidity Facility Agreement with the series liquidity facility provider specified in the relevant Supplement to provide funds to the Issuer for payment of certain liabilities of the Issuer under the relevant Series Priorities of Payments in the event the Issuer has insufficient funds available. See " <i>Credit Structure – Series Liquidity Facility Agreement</i> " below.

**Series Hedge Providers:** If specified in the relevant Supplement, the Issuer will enter into Series Hedge Agreements with UBS AG, London Branch as Series Hedge Provider or any alternative Series Hedge Providers specified in the relevant Supplement, as necessary, to hedge certain interest rate, basis rate, currency and/or other risks in respect of amounts received by the Issuer under the relevant Series Portfolio and any amounts payable by the Issuer under that Series and the applicable Series Priorities of Payments.

See further "*Credit Structure – Series Hedge Agreement – Series Interest Rate Cap Agreements, Series Interest Rate Swap Agreements, Series Basis Rate Swap Agreements, Series Currency Swap Agreements*" below.

**Series Credit Support Providers:** If specified in the relevant Supplement, the Issuer will enter into one or more Series Credit Support Agreements with one or more Series Credit Support Providers as specified in the relevant Supplement in respect of certain liabilities of the Issuer in respect of that Series. Such credit support arrangements may include financial guarantees or letters of credit.

**Series Principal Paying Agent and Series Agent Bank:** Unless specified otherwise in the relevant Supplement, the Series Principal Paying Agent and Series Agent Bank in respect of each Series will be HSBC Bank plc acting through its branch at Level 24, 8 Canada Square, London E14 5HQ. Pursuant to the terms of the relevant Series Agency Agreement, the Series Principal Paying Agent and Series Agent Bank will be appointed in respect of the relevant Series. See further "*Transaction Documents – Series Agency Agreement*" below.

**Series Irish Paying Agent:** Unless specified otherwise in the relevant Supplement, the Series Irish Paying Agent in respect of each Series will be HSBC Institutional Trust Services (Ireland) Limited of HSBC House, Harcourt Centre, Harcourt Street, Dublin 2. Pursuant to the relevant Series Agency Agreement, the Series Irish Paying Agent will be appointed to act as paying agent in Ireland in respect of the relevant Series.

**Series Registrar and Series Transfer Agent:** Unless specified otherwise in the relevant Supplement, the Series Registrar and Series Transfer Agent in respect of each Series under which Registered Notes are issued will be HSBC Bank USA, N.A. pursuant to the terms of the relevant Series Agency Agreement.

**Series Exchange Rate Agent:** Unless otherwise specified in the relevant Supplement, the Series Exchange Rate Agent in respect of a Series (if any) will be HSBC Bank plc pursuant to the terms of the relevant Series Exchange Rate Agency Agreement.

**PECO Holder:** Unless otherwise specified in the relevant Supplement, UBS AG, London Branch will be the PECO Holder and will act as such pursuant to the terms of any Series Post-Enforcement Call Option Agreement dated the Issue Date in respect of a Series.

**Corporate Services Provider:** Structured Finance Management Limited in its capacity as Corporate Services Provider will be appointed to provide certain corporate services to the Issuer and the Parent pursuant to the Programme Corporate Services Agreement. See "*Transaction Documents – Programme Corporate Services Agreement*" below.

**Share Nominee:** SFM Nominees Limited in its capacity as Share Nominee holds one share in the Issuer as nominee for the Parent under the terms of the Share Trust.

**Share Trustee:** SFM Corporate Services Limited in its capacity as Share Trustee holds the entire issued share capital of the Parent under the terms of the Charitable Share Trust.

**Programme Arranger:** UBS Limited.

**Initial Dealer:** UBS Limited but the Issuer may appoint other dealers from time to time in accordance with the Programme Agreement. Such other dealers may be appointed for a specific issue or on an ongoing basis.

## DESCRIPTION OF THE NOTES

<b>Description:</b>	Mortgage Backed Securities Programme.
<b>Issue of Series or Classes:</b>	Series of Notes may be issued by the Issuer from time to time, each comprising one or more Classes of Notes. The Notes comprising each Class may be issued on different dates.
<b>Ranking of Notes:</b>	Each Class of Notes will rank in the priority specified in the Supplement.
<b>Conditions:</b>	The Terms and Conditions of each issue of Notes are set out in this Offering Circular under " <i>Terms and Conditions of the Notes</i> " below and will be supplemented in the Supplement prepared in connection with, and applicable to, the Series, which must be read in conjunction with this Offering Circular.
<b>Certain Restrictions:</b>	Each issue of Notes 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.
<b>Distribution:</b>	<p>The Registered Notes of a Series may be offered and sold in the United States only to QIBs pursuant to Rule 144A under the Securities Act and/or outside the United States to non-U.S. persons pursuant to Regulation S under the Securities Act.</p> <p>Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis, subject to applicable selling restrictions.</p>
<b>Denominations:</b>	Notes will be issued in such denominations as specified in the applicable Supplement in respect of a Series, 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 regulatory authority (or equivalent body) or any laws or regulations applicable to the relevant currency and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €50,000 (or if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).
<b>Specified Currencies:</b>	Subject to any applicable legal or regulatory restrictions, such currency or currencies as specified in the applicable Supplement.
<b>Maturities:</b>	Such maturities as specified in the applicable Supplement, 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 or the relevant specified currency.
<b>Issue Price:</b>	Notes will be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par, as specified in the applicable Supplement.
<b>Form of Notes:</b>	The Notes may be issued in bearer or registered form as described in " <i>Form of the Notes</i> " below. Bearer Notes may be issued with Coupons, including



Detachable Coupons as specified in the applicable Supplement. Bearer Notes may be issued in NGN form if specified in the applicable Supplement. Registered Notes will not be exchangeable for Bearer Notes and vice versa. Fixed Rate Notes, Floating Rate Notes and Zero Coupon Notes may be issued on the terms specified in the applicable Supplement.

**Fixed Rate Notes:** Fixed interest will be payable on such date or dates as specified in the relevant Supplement and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) and specified in the applicable Supplement.

**Floating Rate Notes:** Floating Rate Notes will bear interest at a rate determined:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement in the form of an ISDA 1992 Master Agreement (Multicurrency-Cross Border) (together with a schedule and any credit support annex thereto) incorporating the ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
- (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (c) on such other basis as may be agreed between the Issuer and the relevant Dealer(s), as specified in the applicable Supplement.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each Series of Floating Rate Notes and specified in the applicable Supplement.

**Other provisions in relation to Floating Rate Notes:** Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both if specified in the applicable Supplement.

Interest on Floating Rate Notes in respect of each Interest Period, as specified in the relevant Supplement, will be payable on such Distribution Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the Relevant Dealers and as specified in the applicable Supplement.

**Zero Coupon Notes:** If specified in the applicable Supplement, Zero Coupon Notes may be offered and sold at their nominal amount or at a discount and will not bear interest.

**Series MERCs:** If specified in the applicable Supplement, Series mortgage early repayment certificates (the **Series MERCs**) may be issued on an Issue Date in connection with the sale of a Series Portfolio to a Series Portfolio Seller or as a Series Portfolio Seller may direct. Amounts received by the Issuer in respect of the obligation of Borrowers, in certain circumstances, to pay an early repayment charge (the **Mortgage Early Repayment Charges**) in the event they repay all or any part of the relevant Loan in the Series Portfolio relating to the Series MERCs, voluntarily or to the extent recovered following an enforcement event, at any time before the end of the mortgage term will be paid to the relevant Series MERC Holders and will not be available at any time to Noteholders.

**Detachable Coupons:** If specified in the relevant Supplement, Bearer Global Notes may be issued as part of a Series with Global Detachable Coupons attached thereto. It is contemplated that the Global Detachable Coupons may be separated from the Bearer Global Notes to which they are attached by crediting to the Euroclear or Clearstream, Luxembourg account (as the case may be) of the purchaser or purchasers of Global Detachable Coupons a notional amount equal to the principal amount of the Bearer Global Notes from which the Global Detachable Coupons were separated (**Coupon Stripping**). It is contemplated that Detachable Coupons in definitive form (**Definitive Detachable Coupons**) may be issued in respect of a Series to represent the Detachable Coupons which result from an exchange of any Global Detachable Coupon for Detachable Coupons in definitive form (and Global Detachable Coupons and Definitive Detachable Coupons are together known as **Detachable Coupons**). The Detachable Coupons will be governed by the Conditions, save as otherwise set out in the relevant Supplement.

**Series Residuals:** If specified in the relevant Supplement, Series residual certificates (**the Series Residuals**) may be issued on an Issue Date in connection with the sale of a Series Portfolio to a Series Portfolio Seller or as a Series Portfolio Seller may direct. Each of the Series Residuals bears an entitlement to receive a payment in respect of residual amounts available for such purpose in accordance with the applicable Series Priorities of Payments. Following payment of or provision for all higher ranking items in the applicable Series Priorities of Payments, if there are no available amounts to be applied as residual payments, the holders of the Series Residuals will have no further claim against the Issuer. Holders of the Series Residuals will be Series Secured Creditors of the relevant Series.

**Uncertificated Series MERCs and Series Residuals:** The Issuer may, in relation to any one or more Series, not issue Series MERCs or Series Residuals. Amounts which would otherwise be paid as described under Series MERCs and Series Residuals (as described above) may instead be paid pursuant to an obligation documented in another form. Such obligation may be capable of assignment or transfer (although it may or may not be a transferable instrument).

**Series Subordinated Notes:** Series Subordinated Notes (if any) may be issued to fund the following components, if specified in the relevant Supplement:

- the Initial Series Reserve Fund Amount in respect of the relevant Series;
- the Series Prefunding Interest Shortfall Amounts in respect of the relevant Series;
- the Series Discount Reserve (if any) in respect of the relevant Series; and
- the costs and expenses arising in respect of the issue of the Notes of the relevant Series.

The above components may be funded by other Instruments if specified in the applicable Supplement.

Series Subordinated Notes may be issued to the relevant Series Portfolio Seller or as the relevant Series Portfolio Seller directs. Such Series Portfolio Seller or

its nominee as a holder of such Series Subordinated Notes will have similar voting rights as the other Noteholders of a Series.

**Deferral of Scheduled Interest and Scheduled Principal:**

If specified in the applicable Supplement, scheduled interest and/or scheduled principal payments (each except in respect of the then most senior Class or Classes of Notes in a Series) may be deferred to the next applicable Distribution Date and will accrue interest in the event that the Issuer has insufficient funds to make such payments in accordance with the applicable Series Priorities of Payments.

**Redemption:**

The applicable Supplement relating to each Series will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or for any other specified reason) or that such Notes will be redeemable (in whole or part) upon notice being given to the relevant Noteholders by the person set out in the Terms and Conditions of the Notes, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer(s) as set out in the applicable Supplement.

**Cross Default:**

The terms of the Notes of a particular Series will not contain any cross default provisions with respect to the Notes of any other Series.

**Status:**

Notes within any Class comprised in a Series will, unless indicated otherwise in the Supplement, rank *pari passu* without any preference among each other within that Class in the Series.

**Taxation:**

If any withholding or deduction for or on account of any tax is imposed in respect of payments under the Notes, the Issuer will make payments subject to such withholding or deduction and neither the Issuer nor any other entity will be required to gross-up or otherwise pay additional amounts in respect thereof. The imposition of such withholding or deduction would entitle a Series Portfolio Seller to require the Issuer to redeem the Notes in accordance with Condition 9(d) of the Notes (*Redemption and Series Post-Enforcement Call Option – Redemption for Tax reasons*) if the Issuer has sufficient funds available. See "*United Kingdom Taxation*" below.

**Rating:**

The rating of each Class of Notes of a Series will be specified in the relevant Supplement. Series MERCs and/or Series Residuals may be assigned a rating by any of the Rating Agencies specified in the relevant Supplement.

**Listing:**

Application has been made to the Financial Regulator for this Offering Circular to be approved. Application will be made to the Irish Stock Exchange for Notes issued under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to the Official List and to trading on its regulated market.

Notes may be unlisted or may be listed on such other or further stock exchanges as may be agreed between the Issuer and the Relevant Dealers in relation to each issue. The Supplement in respect of a particular Series will state whether or not the Notes are to be listed.

No application will be made for the Series MERCs or the Series Residuals to be admitted to the Official List of the Irish Stock Exchange or any other stock exchange.

**Governing Law:** The Notes, the Series MERCs and the Series Residuals will be governed by, and construed in accordance with, English law.

**Selling Restrictions:** There are restrictions on the offer, sale and transfer of any Notes in the United States, the United Kingdom and Ireland. Other restrictions may apply in connection with the offering and sale of a particular Series of Notes. Selling restrictions in respect of a particular Series will be specified in the applicable Supplement. See also "*Subscription and Sale and Transfer and Selling Restrictions*" below.

## **RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below. This section of the Offering Circular is divided into four main sections – Risk Factors relating to the Issuer, Risk Factors relating to the Notes, Risk Factors relating to the Series Portfolios and General Risk Factors.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.*

### **RISK FACTORS RELATING TO THE ISSUER**

#### ***Series Assets/Limited resources of the Issuer in respect of each Series***

Under the Series Security Trust arrangements in the Intercreditor Deed, Noteholders of each Series will only have recourse to the Series Assets of their Series and would only have recourse to the Programme Assets (including any Series Assets that have been converted to Programme Assets) when they have become Programme Secured Creditors as described below under "*Transaction Documents – Intercreditor Deed*". Thus, the Series Assets over which the security will be granted for the benefit of (among others) the Noteholders of the relevant Series (comprising primarily the Loans and their Collateral Security in the related Series Portfolio (including both the Issuer's and the Parent's estate and interest therein) and the Issuer's rights under the relevant Series Bank Accounts and the Series Documents) will be limited. The ability of the Issuer to meet its obligations under the Notes of a Series will be dependent primarily upon the receipt by it of principal and interest from the Borrowers under the Loans (see further "*Risk Factors relating to the Series Portfolios*" below) in the relevant Series Portfolio and the receipt of funds under the relevant Series Liquidity Facility Agreement (if any), Series Hedge Agreements (if any) and Series Credit Support Agreements (if specified in the relevant Supplement and available to be drawn). Other than the foregoing and any interest or return earned by the Issuer in respect of the applicable Series Bank Accounts, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes of a Series and/or any other payment obligation ranking in priority to, or *pari passu* with, the Notes of any Series under the applicable Series Priorities of Payments. It should be noted that, upon enforcement of the Security in respect of a Series, the Issuer may not be able to make any further drawings under the relevant Series Credit Support Agreements.

The recourse of Noteholders of a Series to the assets of the Issuer and the Parent following an enforcement of all or part of the Security is described below (see further "*Enforcement of Security*" below).

#### ***Series Referable Amounts***

To the extent that taxes and expenses or other amounts are allocable between Series, and to the extent that Series Assets of a particular Series become Programme Assets and the relevant Series Secured Creditors become Programme Secured Creditors, then such taxes, expenses and other amounts will cease to be allocable to that Series and the share allocated to the remaining Series will increase.

## ***Enforcement***

Even assuming that the Properties provide adequate security for the Loans in a Series Portfolio, delays could be encountered in connection with enforcement of the Mortgages and recovery of the Loans in a Series Portfolio with corresponding delays in the receipt of related proceeds by the Issuer.

In order to realise its security in respect of a Property, the relevant mortgagee (be it the legal owner or heritable creditor (the Series Portfolio Seller)), the beneficial owner (the Issuer), the Security Trustee or its appointee (if the Security Trustee has taken enforcement action against the Issuer) will need to obtain possession. There are two means of obtaining possession for this purpose: first, by taking physical possession (seldom done in practice, although more common in Scotland) and second, by obtaining a court order.

If a mortgagee takes physical possession, it will, as mortgagee in possession, have an obligation to account to the Borrower for the income obtained from the Property, be liable for any damage to the Property, have a limited liability to repair the Property and, in certain circumstances, may be obliged to make improvements. In Scotland, these obligations also arise if possession is obtained by court order.

The Security Trustee is entitled to take steps to avoid incurring liability as a mortgagee in possession, as further provided in "*Mortgagee in Possession Liability*" below.

Actions for possession are regulated by statute and the courts have certain powers to adjourn possession proceedings, to stay any possession order or postpone the date for delivery of possession. The court will exercise such powers in favour of a Borrower, broadly, where it appears to the court that such Borrower is likely to be able, within a reasonable period, to pay any sums due under the Mortgage or to remedy any default consisting of a breach of any other obligation arising under or by virtue of the Mortgage.

The court has a very wide discretion in England and Wales, Scotland and Northern Ireland and may adopt a sympathetic attitude towards a Borrower faced with eviction. If a possession order in favour of the relevant mortgagee is granted, it may be suspended to allow the Borrower more time to pay. Once possession of the Property has been obtained, the relevant mortgagee has a duty to the Borrower to take reasonable care to obtain a proper price for the Property. Any failure to do so will put the relevant mortgagee at risk of an action for breach of such duty by the Borrower, although it is for the Borrower to prove breach of such duty. There is also a risk that a Borrower may also take court action to force the relevant mortgagee to sell the Property within a reasonable time.

In the case of mortgages secured over properties in England and Wales and Scotland, proceedings for the sale of the relevant property are generally initiated between three and six months after the first default of a scheduled monthly payment; this depends, however, on the policies of the relevant Series Administrator. Time periods for enforcement of mortgages secured over properties in Northern Ireland tend to be longer. For a fuller summary of enforcement procedures under Scots law see "*The Series Portfolios – The Scottish Loans*" below.

## ***Enforcement of Security***

Only the Security Trustee and the Series Note Trustee may pursue the remedies available under the Security Deed and the other Transaction Documents in respect of the relevant Series to enforce the rights of Noteholders of a Series, and none of the Secured Creditors (other than the Security Trustee and (save in respect of a Series in relation to which no Post-Enforcement Call Option Agreement is entered into) the Series Note Trustee) will be entitled to proceed directly against the Issuer and/or the Parent or any of their respective assets. None of the Secured Creditors is entitled to petition or take any other step for the winding-up or similar proceedings in respect of the Issuer or the Parent.

Under the Series Security Trust arrangements in the Intercreditor Deed, upon enforcement of the Security in respect of a Series following a Series Event of Default (which could include the appointment of a receiver),

the Series Secured Creditors of that Series will have a claim only against the Series Assets of that Series. To the extent that there are amounts owed to a Series Secured Creditor after the enforcement proceeds in respect of the applicable Series Assets have been exhausted, such Series Secured Creditor may not take any further steps, actions or proceedings against the Issuer or the Parent or their respective assets to recover such amounts (save for the Security Trustee taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer). In that event, such Series Secured Creditor will (including, any PECO Holder as Noteholder of such Series if that PECO Holder has exercised any Series Post-Enforcement Call Option pursuant to the Series Post-Enforcement Call Option in respect of such Series) cease to be a Series Secured Creditor and will become a Programme Secured Creditor in respect of the shortfall, and any remaining Series Assets of that Series will automatically convert to Programme Assets.

Pursuant to the terms of the Intercreditor Deed, each of the Programme Secured Creditors will agree with the Security Trustee and one another in relation to the Programme that none of the Programme Secured Creditors in such capacity have or will have any claim against any Series Assets.

The Intercreditor Deed will provide that, subject as provided below, the Security Trustee shall enforce the Security over the Series Assets relating to all Series and over the Programme Assets by appointing an administrative receiver in respect of the Issuer, if it has actual notice of (i) an application for the appointment of an administrator in respect of the Issuer, (ii) the giving of a notice of intention to appoint an administrator in respect of the Issuer or (iii) the filing of a notice of appointment of an administrator in respect of the Issuer with the court, such appointment of an administrative receiver to take effect not later than the final day by which the appointment must be made in order to prevent an administration proceeding.

The Security Trustee shall not be liable for any failure to appoint an administrative receiver in respect of the Issuer, save in the case of its own gross negligence, wilful default or fraud and, for the avoidance of doubt, the Security Trustee shall have no obligation to indemnify any administrative receiver appointed by it, except to the extent of (and from) the cash and assets comprising the Security held by the Security Trustee at such time.

The Security Deed will provide that, in the event that the Security Trustee appoints an administrative receiver in respect of the Issuer under the Security Deed by reason of it having actual notice of (i) an application for the appointment of an administrator in respect of the Issuer, (ii) the giving of a notice of intention to appoint an administrator in respect of the Issuer or (iii) the filing of a notice of appointment of an administrator in respect of the Issuer with the court, the Issuer shall waive any claims against the Security Trustee in respect of the action of the appointment of the administrative receiver.

Under the Series Security Trust arrangements in the Intercreditor Deed, upon enforcement of the Security in respect of a Series following a Series Event of Default, the Series Secured Creditors of that Series will have a claim only against the Series Assets of that Series. To the extent that there are amounts owed to a Series Secured Creditor after the enforcement proceeds in respect of the applicable Series Assets have been exhausted, such Series Secured Creditor may not take any further steps, actions or proceedings against the Issuer or the Parent or their respective assets to recover such amounts (save for the Security Trustee taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer). In that event, such Series Secured Creditor will (including, any PECO Holder as Noteholder of such Series if that PECO Holder has exercised any Series Post-Enforcement Call Option pursuant to the Series Post-Enforcement Call Option Agreement in respect of such Series) cease to be a Series Secured Creditor and will become a Programme Secured Creditor in respect of the shortfall, and any remaining Series Assets of that Series will automatically convert to Programme Assets.

Pursuant to the terms of the Intercreditor Deed, each of the Programme Secured Creditors will agree with the Security Trustee and one another in relation to the Programme that none of the Programme Secured Creditors in such capacity have or will have any claim against any Series Assets.

There is no cross-default between each Series, and a Series Event of Default in respect of one Series will not trigger a Series Event of Default in respect of another Series. A Programme Insolvency Event will constitute

a Series Event of Default in respect of each Series. An enforcement of Security in respect of a Series of Notes will not necessarily result in the acceleration of such Notes, as this is subject to the discretion of the Series Note Trustee or the ability of Noteholders to direct the Series Note Trustee as to the same pursuant to the Conditions.

### ***Mortgagee in Possession Liability***

The Issuer or, subject as provided below, the Security Trustee (if it has taken enforcement action against the Issuer) may be deemed to be a mortgagee (or heritable creditor) in possession if there is physical possession of a property contained within a Series Portfolio.

A mortgagee (or heritable creditor) in possession has an obligation to account for the income obtained from the relevant property and, in the case of tenanted property, will be liable to a tenant for any mismanagement of the relevant property. A mortgagee (or heritable creditor) in possession may also incur liabilities to third parties in nuisance and negligence and, under certain statutes (including environmental legislation), can incur the liabilities of a property owner.

The Security Trustee has the absolute discretion, at any time, to refrain from taking any action under the Security Deed or any of the Transaction Documents including becoming a mortgagee (or heritable creditor) in possession in respect of any property contained within any of the Series Portfolios, unless it is satisfied at that time that it is adequately indemnified and/or secured to its satisfaction against any liability which it may incur by so acting.

### ***Interaction between the Series Events of Default, the Programme Events of Default, the service of a Series Enforcement Notice, the service of a Series Acceleration Notice and the Series Priorities of Payments***

Prior to the service of either a Series Enforcement Notice or a Series Acceleration Notice in respect of a Series: (a) then Available Revenue Funds of such Series will be applied in accordance with the Series Pre-Enforcement, Pre-Acceleration Revenue Priority of Payments; and (b) then Actual Redemption Funds of such Series will be applied in accordance with the Series Pre-Acceleration Principal Priority of Payments.

Following the service of a Series Enforcement Notice (but prior to the service of a Series Acceleration Notice) in respect of a Series: (a) then Available Revenue Funds of such Series will be applied in accordance with the Series Post-Enforcement, Pre-Acceleration Revenue Priority of Payments; and (b) then Actual Redemption Funds of such Series will continue to be applied in accordance with the Series Pre-Acceleration Principal Priority of Payments (with the Notes in respect of such Series not at such time being immediately due and repayable).

Following the service of a Series Acceleration Notice in respect of a Series, then Available Revenue Funds and then Actual Redemption Funds of such Series will be applied in accordance with the Series Post-Acceleration Priority of Payments and the Notes of such Series will be immediately due and repayable.

Unless a Series Event of Default of a Series has occurred as a result of a Programme Insolvency Event occurring, the occurrence of such a Series Event of Default in respect of a Series will only enable a Series Enforcement Notice or a Series Acceleration Notice to be served in respect of such Series and not any other Series which also at such time exists. Therefore prospective Noteholders should note that (as long as there has not been a Programme Insolvency Event) a specific Series may be subject to enforcement and/or acceleration whilst other Series are still in a pre-enforcement, pre acceleration scenario.

A Programme Insolvency Event is a Series Event of Default in respect of each and every Series which exists at such time and as such will allow a Series Enforcement Notice to be delivered to the Issuer in respect of each and every Series.



Subject to and in accordance with the provisions of Condition 13 of the Notes, upon the occurrence of a Series Event of Default, the applicable Series Note Trustee, at its discretion or at the direction of the then applicable and permitted Noteholders of such Series, will be entitled to: (a) direct the Security Trustee of such Series to serve a Series Enforcement Notice; and/or (b) itself serve a Series Acceleration Notice. Such direction and/or service by the Series Note Trustee of any particular Series will be carried out independently to any such similar actions (or lack thereof) by a Series Note Trustee of a separate Series in a similar scenario. It may therefore be the case, for example following a Series Event of Default as a result of a Programme Insolvency Event, that a certain Series will be the subject to a Series Acceleration Notice whereas another Series will only at such time (as a result of the exercise of independent discretion of the relevant Series Note Trustee or the differing directions of the Noteholders of differing Series) be subject to a Series Enforcement Notice.

### ***Series Post-Enforcement Call Option***

Pursuant to the terms of any Series Post-Enforcement Call Option Agreement entered into in respect of a Series, the PECO Holder will purchase from the Noteholders of each Series and such Noteholders will be obliged to sell to the PECO Holder, for the consideration of one penny per Note, all of the Notes of such Series outstanding (plus accrued interest thereon) after (a) the Security over the Series Assets in respect of that Series has been enforced by the Security Trustee and as fully as practicable realised and the proceeds of enforcement have been applied in accordance with the applicable Series Priorities of Payments or (b) there are no remaining Series Assets relating to that Series that are capable of realisation.

### ***Reliance of the Issuer on third parties***

The Issuer has entered and will enter into agreements with a number of third parties that have agreed or will agree to perform services for the Issuer. In particular, but without limitation, the Issuer will appoint one or more Series Administrators to administer the Series Portfolio on behalf of the Issuer and the Security Trustee to the extent of their respective interests therein, the Issuer will appoint one or more Series Mortgage Servicers to service the relevant Series Portfolio, and the Issuer may (if specified in the relevant Supplement) appoint one or more Series Mortgage Special Servicers to assume monitoring and collection of arrears and enforcement functions in relation to the Loans (to the extent such functions are not to be carried out by the relevant Series Mortgage Servicer). The Issuer may (if specified in the relevant Supplement) appoint one or more Series Standby Mortgage Servicers to assume the mortgage servicing functions of the relevant Series Mortgage Servicer in respect of the relevant Series Portfolio if the appointment of such Series Mortgage Servicer is terminated. A Series Calculation and Reporting Agent will be appointed to provide calculation and reporting services to the Issuer in respect of each Series, a Series Cash Manager will be appointed to provide cash management services to the Issuer in respect of each Series, a Programme Calculation and Reporting Agent will be appointed to provide calculation and reporting services to the Issuer in respect of the Programme, and a Programme Cash Manager will be appointed to provide cash management services to the Issuer in respect of the Programme. While each Series Mortgage Servicer, each Series Administrator and each Series Mortgage Special Servicer (if any) is under contract to perform certain services under a Series Mortgage Servicing Agreement, Series Administration Agreement and Series Mortgage Special Servicing Agreement respectively, there can be no assurance that the relevant Series Mortgage Servicers, Series Administrators and Series Mortgage Special Servicers (if any) will be willing or able to perform them in the future. Although a Series Standby Mortgage Servicer may be engaged to provide equivalent services to those provided by a Series Mortgage Servicer under a Series Standby Mortgage Servicing Agreement, in the event the appointment of the relevant Series Mortgage Servicer or Series Mortgage Special Servicer (as applicable) is terminated, there can be no assurance that the transition of servicing will occur without adverse effect on investors or that an equivalent level of performance on collections and servicing of the Loans in a Series Portfolio can be maintained by that Series Standby Mortgage Servicer (see "*Transaction Documents – Series Mortgage Servicing Agreement*", "*Transaction Documents - Series Mortgage Special Servicing Agreement*" and "*Transaction Documents – Series Administration Agreement*" and "*Transaction Documents – Series Standby Mortgage Servicing Agreement*" below). In addition, if specified in the relevant Supplement, a Series Liquidity Facility Agreement and Series Credit Support Agreements (including,

without limitation, financial guarantees or insurance and letters of credit) may be entered into by the Issuer with a Series Liquidity Facility Provider and Series Credit Support Providers in respect of a Series.

In the event that any of those parties (or any of their delegates or sub-contractors, as applicable) fails to perform its obligations under the relevant agreement to which it is a party, that may affect the realisable value of the Series Portfolios or any part thereof or pending such realisation (if the Series Portfolios or any part thereof cannot be sold) the ability of the Issuer to make payments to the Noteholders. For instance, if the Series Administrator, the Series Mortgage Servicer, the Series Mortgage Special Servicer (if any) or the Series Standby Mortgage Servicer (if any) (or any of their delegates or sub-contractors) has failed to adequately administer or service the Loans, this may lead to higher incidences of non-payment or default by the Borrowers. The Issuer will also be reliant on the Series Liquidity Facility Provider (if any) and the Series Credit Support Providers (as indicated in the relevant Supplement) to provide it with funds to meet its obligations in respect of each Series of Notes. The Issuer's reliance on Series Hedge Providers is described in the risk factor "*Reliance of the Issuer on Series Hedge Providers*" below.

### ***Servicing of the Loans***

Each Series Mortgage Servicer and Series Mortgage Special Servicer (if any) shall at all times after Completion during the term of the relevant Series Mortgage Servicing Agreement or Series Mortgage Special Servicing Agreement, as applicable, service the Loans, the Mortgages and other relevant Assigned Rights in the relevant Series Portfolio and all related matters in accordance with the Service Specifications and Special Servicing Specifications, as applicable, and according to the Service Levels as specified in the Service Specifications or Special Servicing Specifications (and, where not so specified, as provided elsewhere in that Series Mortgage Servicing Agreement or Series Mortgage Special Servicing Agreement, as applicable).

Each Series Administrator shall at all times during the term of the relevant Series Administration Agreement exercise all such discretions as are from time to time required to be exercised in relation to the administration of the Loans, the Mortgages and the Collateral Security in the relevant Series Portfolio by the relevant Series Mortgage Servicer or Series Mortgage Special Servicer (if any) where, pursuant to the relevant Series Mortgage Servicing Agreement or Series Mortgage Special Servicing Agreement, as applicable, that Series Mortgage Servicer or Series Mortgage Special Servicer must act upon the instructions of that Series Administrator.

If a Series Standby Mortgage Servicer has been appointed in relation to any Series, the Series Standby Mortgage Servicer will, in accordance with the terms of the relevant Series Standby Mortgage Servicing Agreement, assume the servicing functions of the relevant Series Mortgage Servicer if the appointment of the Series Mortgage Servicer is terminated under the relevant Series Mortgage Servicing Agreement. The ability of the Series Standby Mortgage Servicer fully to perform the required services would depend on the information, software and records available at the time of the relevant appointment. See "*Transaction Documents – Series Mortgage Servicing Agreement*" and "*Transaction Documents - Series Standby Mortgage Servicing Agreement*" below.

### ***Reliance of the Issuer on Series Hedge Providers***

To hedge certain interest rate, basis rate, currency and/or other risks in respect of amounts received by the Issuer in respect of a Series Portfolio and amounts payable by the Issuer in respect of that Series, the Issuer may enter into one or more Series Hedge Agreements with one or more Series Hedge Providers as specified in the relevant Supplement.

If the Issuer fails to make timely payments of amounts due under any Series Hedge Agreement, then it will have defaulted under that Series Hedge Agreement. A Series Hedge Provider in respect of any Series is only obliged to make payments to the Issuer as long as the Issuer complies with its payment obligations under the relevant Series Hedge Agreement. If the Issuer fails to make timely payments under a Series Hedge

Agreement, the relevant Series Hedge Provider will have the right to terminate the relevant Series Hedge Agreement.

If a Series Hedge Provider in respect of any Series is not obliged to make payments or if it defaults in its obligations to make payments of amounts equal to the full amount to be paid to the Issuer on the payment date under the relevant Series Hedge Agreement, the Issuer will be exposed to changes in the relevant currency exchange rates to Sterling and/or to any changes in the relevant rates of interest. Unless a replacement Series Hedge Agreement is entered into, the Issuer may have insufficient funds to make payments under the relevant Series of Notes. If a Series Hedge Agreement terminates, the Issuer may be obliged to make a termination payment to the relevant Series Hedge Provider. There can be no assurance that the Issuer will have sufficient funds available to make a termination payment under the relevant Series Hedge Agreement, nor can there be any assurance that the Issuer will be able to enter into a replacement Series Hedge Agreement or, if one is entered into, that the credit rating of the replacement Series Hedge Provider (or any credit support provider of such Series Hedge Provider) will be sufficiently high to prevent a downgrade of the then current ratings of the Notes of the relevant Series by the Rating Agencies.

If the Issuer is obliged to make a termination payment under any Series Hedge Agreement, such termination payment will rank ahead of amounts due under the Notes, except where default by, or downgrade of the relevant Series Hedge Provider (or its credit support provider (if any)) has caused the relevant Series Hedge Agreement to terminate.

#### ***Issuer's ability to satisfy tax liabilities dependent on tax amounts received from each Series***

The Parent's liability for tax is calculated and paid on a Programme basis under the Programme Priority of Payments, but such payment is funded by each Series under the applicable Series Priorities of Payments in respect of the relevant Series. In the event that there are insufficient funds available for application under a Series Priorities of Payments, there may be insufficient amounts allocated in a Series to meet the Parent's liability for tax and the Issuer may have insufficient funds available to satisfy the Parent's tax liability on a Programme basis. This risk is mitigated by the payment of tax amounts under each Series Priorities of Payments high in the priorities in advance of payments to Noteholders and other Series Secured Creditors. In addition, tax is allocated on a Series basis based on the profits of that Series and thus, the allocation of tax liabilities among the Series should correspond with funds available to meet such liabilities. Finally, the Parent's liability to tax is paid on a Programme basis under the Programme Priority of Payments and even if there is a shortfall in respect of tax amounts allocated by a particular Series, there may be available funds in the Programme Account to make up for such shortfall although there is no guarantee that this will be the case. See "*Credit Structure – Series Priorities of Payments*" below and the Series Priorities of Payments specified in the Supplement related to each Series.

## **RISK FACTORS RELATING TO THE NOTES**

### ***Liability under the Notes***

The Notes will be obligations solely of the Issuer and (unless specified otherwise in the relevant Supplement in respect of a Series Credit Provider) will not be guaranteed by, or be the responsibility of, any other entity save that the Parent has given authority to the Issuer to satisfy the obligations under the Notes out of the assets held under the Programme Issuer Declaration of Trust and to grant security over those assets as security for payment of the Notes, and will provide further security over its assets as security for payment of the Notes. In particular, the Notes will not be obligations of, and will not be guaranteed by, or be the responsibility of any Series Originator, any Series Portfolio Seller, the Programme Arranger, the Dealers in respect of any Series, the Share Trustee, the Share Nominee, any Series Liquidity Facility Provider, any Series Currency Swap Provider, any Series Interest Rate Cap Provider, any Series Interest Rate Swap Provider, any Series Basis Rate Swap Provider, any Series Administrator, any Series Mortgage Servicer, any Series Mortgage Special Servicer, any Series Standby Mortgage Servicer, the Security Trustee, any Series Note Trustee, any Series Account Bank or the Corporate Service Provider.

The Parent has given security over its assets as security for the payment of the Issuer's obligations (including the Notes). However, such security is given over the Parent's interest in the relevant Series Portfolios and does not represent security over any additional assets. Further, the Parent has no obligations to Secured Creditors in respect of the Issuer's obligations once security over the Parent's assets has been realised.

### *Ratings of the Notes*

The expected ratings of each Class of Notes are set out in the relevant Supplement. The ratings that are assigned to any Class of Notes under the Programme are based on the Loans, the Collateral Security, the Series Portfolio and other relevant structural features of the transaction, which may include, among other things, the short term unsecured, unguaranteed and unsubordinated debt ratings of the relevant Series Liquidity Facility Provider (if any), any relevant Series Hedge Provider (or its credit support provider (if any), as the case may be), the relevant Series Credit Support Provider (if any) and the Series Account Bank. These ratings reflect only the views of the Rating Agencies.

The ratings that are assigned to any Class of Notes under the Programme do not represent any assessment of the yield to maturity that a Noteholder may experience or the possibility that Noteholders may not recover their initial investments if unscheduled receipts of principal result from a prepayment, a default and acceleration or from the receipt of funds with respect to the compulsory purchase of a Property or Properties.

The ratings that are assigned to any Class of Notes under the Programme will address the likelihood of full and timely receipt by any of the Noteholders of interest on the Notes and the likelihood of receipt by any Noteholder of principal of the Notes by the Final Maturity Date. The Series MERCs and Series Residuals may be assigned a rating by the Rating Agencies if specified in the applicable Supplement.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact upon the other ratings, the market value and/or the liquidity of the Notes of any Class.

Credit rating agencies other than Fitch, Moody's and S&P could seek to rate the Notes (or any Class of them) without having been requested to do so by the Issuer and if such unsolicited ratings are lower than the comparable ratings assigned to the Notes by Fitch, Moody's and S&P, those unsolicited ratings could have an adverse effect on the market value and/or liquidity of the Notes of any Class. In this Offering Circular, all references to ratings in this Offering Circular are to ratings assigned by the Rating Agencies (namely Fitch, Moody's and S&P).

### *Ratings Confirmation in respect of a Series*

The terms of certain of the Transaction Documents in respect of the relevant Series, require the relevant Rating Agencies to confirm that certain actions proposed to be taken by the Security Trustee, a Series Note Trustee or the Issuer will not have an adverse effect on the then current rating of the Notes (a **Ratings Confirmation**).

By acquiring the Notes, Noteholders acknowledge and agree that notwithstanding the foregoing, a credit rating is an assessment of credit risk and does not address other matters that may be of relevance to Noteholders. A Ratings Confirmation that any action proposed to be taken by the Security Trustee, a Series Note Trustee or the Issuer will not have an adverse effect on the then current rating of the Notes does not, for example, confirm that such action (i) is permitted by the terms of the Transaction Documents in respect of the relevant Series, or (ii) is in the best interests of, or prejudicial to, Noteholders. In being entitled to have regard to the fact that the Rating Agencies have confirmed that the then current rating of the relevant Notes would not be adversely affected, each of the Secured Creditors (including the Noteholders) has acknowledged and agreed in the Transaction Documents that the above does not impose or extend any actual or contingent liability of the Rating Agencies to the Secured Creditors (including the Noteholders), the Security Trustee, any Series Note Trustee, the Issuer or any other person or create any legal relations

between the Rating Agencies and the Secured Creditors (including the Noteholders), the Security Trustee, any Series Note Trustee, the Issuer or any other person whether by way of contract or otherwise.

Any such Ratings Confirmation may or may not be given at the sole discretion of each Rating Agency. It should be noted that, depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a Ratings Confirmation in the time available or at all, and the Rating Agency will not be responsible for the consequences thereof. Ratings Confirmations, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time, and in the context of cumulative changes to the transaction of which the securities form part since the issuance closing date. A Ratings Confirmation represents only a restatement of the opinions given and cannot be construed as advice for the benefit of any parties to the transaction. Neither the Security Trustee nor the Series Note Trustee is responsible for the maintenance of the ratings of any Notes, including, without limitation, following either such party taking any action in the absence of a Rating Confirmation in the circumstances detailed above.

#### ***Absence of secondary market***

There is not, at present, an active and liquid secondary market for the Notes and there can be no assurance that a secondary market for the Notes will develop. The Notes have not been, and will not be, registered under the Securities Act or any other applicable securities laws and are subject to certain restrictions on the resale and other transfer thereof as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*" below. If a secondary market does develop, it may not continue for the life of the Notes or it may not provide Noteholders with liquidity of investment with the result that a Noteholder may not be able to find a buyer to buy its Notes readily or at prices that will enable the Noteholder to realise a desired yield.

#### ***Deferral of Interest and Principal***

If specified in the applicable Supplement, payments of interest and/or principal (each except in respect of the then most Senior Class or Classes of Notes in a Series) in respect of a Class of Notes on any Distribution Date when the Issuer has insufficient funds to make payment in full of such interest and/or principal on the Notes in accordance with the applicable Series Priorities of Payments may be deferred until the next applicable Distribution Date. This will not constitute a Series Event of Default or a Programme Insolvency Event.

#### ***Subordination of Notes of a Series***

Prior to enforcement of the Security relating to a Series under the Security Deed and after enforcement of the Security relating to that Series following service of a Series Enforcement Notice or a Series Acceleration Notice, as applicable, payments of principal and interest in respect of each Class of Notes within a Series will be subject to the applicable Series Priorities of Payments and certain Classes of Notes will be subordinated to payments of principal and interest in respect of other Classes of Notes, as specified in the applicable Supplement.

Under the applicable Series Priorities of Payments, as specified in the relevant Supplement, payments will be made to certain Secured Creditors (such as the Security Trustee, the Series Account Bank, the Series Cash Manager, the Series Calculation and Reporting Agent, the Series Administrator, the Series Mortgage Servicer, any Series Mortgage Special Servicer, any Series Standby Mortgage Servicer, any relevant Series Hedge Provider (other than certain specified subordinated amounts), any relevant Series Liquidity Facility Provider (other than specified subordinated amounts) and any relevant Series Credit Support Provider (other than specified subordinated amounts)) and amounts will be allocated in respect of certain liabilities of the Issuer (e.g. for tax) in priority to the Noteholders of a Series.

### *Series Note Trustee, Security Trustee and conflicts of interest between Classes of Noteholders of a Series*

Each Series Trust Deed will contain provisions requiring the Series Note Trustee to have regard to the interests of the holders of all Classes of Notes and other Instruments comprised in a Series equally as regards all rights, powers, trusts, authorities, duties and discretions of the Series Note Trustee (except where expressly provided otherwise), but requiring the Series Note Trustee in any such case to have regard only to the interests of the Class or, as the case may be, Classes of Noteholders ranking most or more senior in the applicable Series Priorities of Payments set out in the relevant Supplement if, in the Series Note Trustee's opinion, there is a conflict between the interests of the holders of any Classes of Notes comprised in a Series and to have regard only to the interests of the holders of the relevant Class or Classes of Noteholders if, in the Series Note Trustee's opinion, there is a conflict between the interests of the holders of any Class or Classes of Notes and the holders of any Instruments other than Notes.

Following a Series Event of Default, all Classes of the Notes of such Series may be accelerated (i) at the direction of the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Class of Notes of such Series ranking most senior in the applicable Series Priorities of Payments set out in the relevant Supplement (or, where two or more Classes of *pari passu* ranking Notes rank most senior, any one of such Classes) or (ii) if so directed by an Extraordinary Resolution of the holders of the most senior ranking Class of Notes or, as the case may be, any one of the most senior ranking Classes of Notes referred to above, without reference to the interests of, or any requirement for sanction from, any junior ranking Classes of Noteholders of such Series.

Enforcement, including enforcement of the Security over the Series Assets relating to a Series, may be directed by an Extraordinary Resolution of the holders of the Class or, as the case may be, each Class of Notes of such Series ranking most senior in the applicable Series Priorities of Payments set out in the relevant Supplement, without reference to the interests of, or any requirement for sanction from, any junior ranking Classes of Noteholders of such Series.

In relation to any matters other than those referred to in the two preceding paragraphs, each Series Trust Deed will contain provisions limiting the powers of any Class of Noteholders ranking behind or *pari passu* with, in the applicable Series Priorities of Payments, one or more other Classes of Noteholders, to pass an effective Extraordinary Resolution (as defined in the Series Trust Deed) according to the effect thereof on the interests of the Class or Classes of Noteholders behind, or *pari passu* with, which such Class of Noteholders ranks. Except in the case of an Extraordinary Resolution to sanction a Basic Terms Modification, each Series Trust Deed will contain no such limitation on the powers of any Class of Noteholders ranking senior, in the applicable Series Priorities of Payments, to one or more other Classes of Noteholders, by reference to the effect on the interests of such other Class or Classes of Noteholders, the exercise of which will be binding on such other Class or Classes of Noteholders, irrespective of the effect thereof on their interests.

The Intercreditor Deed will provide that:

- (a) the Security Trustee will not take any action in relation to the Transaction Documents relating to a Series or the Series Assets relating to a Series (including enforcing the Security over the Series Assets relating to a Series) unless directed to do so by the Series Note Trustee in respect of such Series and indemnified and/or secured to its satisfaction; and
- (b) the Security Trustee will not take any action in relation to the Programme Assets (including enforcing the Security over the Programme Assets) unless directed to do so by the Series Note Trustees in respect of all Series and indemnified and/or secured to its satisfaction,

subject to the provisions concerning the appointment of an administrative receiver in certain circumstances as described in "*Transaction Documents – Security Deed*".

***The Series Note Trustee may agree to modifications to the Transaction Documents without the Noteholders' prior consent***

Pursuant to the terms of the Security Deed, the Series Trust Deed in respect of any Series and the Intercreditor Deed, the Series Note Trustee may, without the consent or sanction of any of the Noteholders or any of the other Secured Creditors, concur with any person in making or sanctioning any modification to the Transaction Documents:

- (a) provided that the Series Note Trustee is of the opinion that such modification will not be materially prejudicial to the interests of any of the Noteholders of a Series; or
- (b) which is in the sole opinion of the Series Note Trustee in respect of the relevant Series or the Security Trustee (as the case may be) of a formal, minor or technical nature or is to correct a manifest or proven (to the satisfaction of such Series Note Trustee) error, or to comply with mandatory provisions of law.

Pursuant to the terms of the Security Deed, the Issuer, the relevant Series Note Trustee and/or the relevant Series Paying Agents may, without the consent or sanction of any of the Noteholders in respect of that Series or any of the other Secured Creditors in respect of that Series, concur with any person in making or sanctioning any modifications of any of the provisions of the Supplement which are of a formal, minor or technical nature or are made to correct a manifest error or to comply with mandatory provisions of law.

***Yield and prepayment considerations***

The yield to maturity of the Notes of each Class will depend on, *inter alia*, the amount and timing of payment of principal (including full and partial prepayments, sale proceeds arising on enforcement of a Loan, repurchases by a Series Portfolio Seller due to breaches of warranties under the relevant Series Portfolio Purchase Agreement or requests by Borrowers to convert their current Loan to one of a different type) on the Loans, the extent of Prefunded Loans, if any, in a Series Portfolio and the price paid by the Noteholders for the Notes. Such yield may be adversely affected by a higher or lower than anticipated rate of prepayments on the Loans.

The Loans in a Series Portfolio may be prepaid in full or in part at any time. However, an early repayment charge will be charged to a Borrower in connection with any prepayment if the Loan is prepaid within a certain period of time from the date on which it was originated. Such payment will, once received by the Issuer, constitute the Mortgage Early Repayment Charges and will be distributed to Series MERC Holders and will not be available to Noteholders of a Series.

Prepayments may result in connection with refinancings, sales of Properties by Borrowers voluntarily or as a result of enforcement proceedings under the relevant Mortgage, as well as the receipt of proceeds from building insurance and life insurance policies. In addition, repurchases or purchases of Loans required to be made under a Series Portfolio Purchase Agreement will have the same effect as a prepayment of such loans (save that no Mortgage Early Repayment Charges will arise in respect of such repurchases, purchases or adjustments).

If any Borrower makes prepayments on relevant Loans within a Series Portfolio, such prepayments, once received by the Issuer, will be allocated among Noteholders in accordance with the applicable Priorities of Payments.

The rate of prepayment of the Loans cannot be predicted and is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, the availability of alternative financing, local and regional economic conditions and homeowner mobility. No assurance can be given as to the level of prepayment that a particular Series Portfolio will experience. In respect of each Series and related Series Portfolio see "*Weighted Average Lives of the Notes*" in the relevant Supplement.

Principal prepayments in full may result in connection with refinancings, sales of Properties by Borrowers voluntarily or as a result of enforcement proceedings under the relevant Mortgage, as well as the receipt of proceeds from building insurance policies. In addition, repurchases or purchases of Loans (excluding repurchases for the purposes of Further Advances) will have the same effect as a prepayment in full of such Loans.

### ***The Detachable Coupons***

Following the initial issuance of the Notes of a Series, any relevant Detachable Coupons may be separated from the relevant Class of Notes. The Detachable Coupons will cease to pay interest, at the latest, on the date on which the relevant Class of Note is redeemed in full. The Detachable Coupons will represent only the interest entitlement of the relevant Class of Note which is specified for the relevant Detachable Coupon and the holder thereof will have no claim in respect of principal amounts payable under the relevant Class of Notes. Accordingly, the payment entitlement of the holders of the Detachable Coupon will be contingent upon the relevant Class of Notes remaining outstanding. A high rate of prepayments in respect of the Loans is likely to cause the relevant Class of Notes to be redeemed quickly and will therefore reduce the value of the Detachable Coupons.

Once Detachable Coupons are separated from the relevant Class of Notes (**Coupon Stripping**), the holders of the Detachable Coupon will have no voting rights in respect of the Notes under the Series Trust Deed or the Terms and Conditions of the Notes. The Detachable Coupons will not be listed separately.

### ***Book-Entry Interests***

Unless and until Definitive Notes are issued in exchange for Book-Entry Interests, holders and beneficial owners of Book-Entry Interests will not be considered the legal owners or holders of Notes under the relevant Series Trust Deed. After payment to the Series Principal Paying Agent, the Issuer will not have responsibility or liability for the payment of interest, principal or other amounts to DTC, Euroclear or Clearstream, Luxembourg or to holders or beneficial owners of Book-Entry Interests.

DTC, Euroclear or Clearstream, Luxembourg or its nominee will be the registered holder and sole legal Noteholder of the Rule 144A Global Notes under the relevant Series Trust Deed while any Notes are represented by Rule 144A Global Notes and will be the registered holder and sole legal Noteholder of the Reg S Global Notes under the relevant Series Trust Deed while any Notes are represented by Reg S Global Notes. The Common Depository of Euroclear and Clearstream, Luxembourg or Common Safekeeper, as applicable, will be the bearer and sole legal Noteholder of the Bearer Global Notes. Accordingly, each person owning a Book-Entry Interest must rely on the relevant procedures of DTC, Euroclear and Clearstream, Luxembourg and, if such person is not a participant in such entities, on the procedures of the participant through which such person owns its interest, to exercise any right of a Noteholder under the relevant Series Trust Deed.

Holders of beneficial interests in the Registered Global Notes denominated in a currency other than U.S. dollars held directly with DTC or through its participants must give advance notice to DTC or the relevant participant in accordance with DTC's procedures that they wish payments on such Registered Global Notes to be made to them in the relevant currency outside DTC. If such instructions are not given in accordance with DTC's procedures, payments on such Registered Global Notes in the relevant currency will be exchanged for U.S. dollars by the Series Exchange Rate Agent prior to their receipt by DTC and the affected holders will receive U.S. dollars on the relevant Distribution Date.

Except as noted in the previous paragraph, payments of principal and interest on, and other amounts due in respect of, the Global Notes will be made by the relevant Series Principal Paying Agent through DTC, Euroclear and/or Clearstream, Luxembourg, as specified in the applicable Supplement. Upon receipt of any payment from the Series Principal Paying Agent, DTC, Euroclear and/or Clearstream, Luxembourg, as applicable, will promptly credit participants' accounts with payment in amounts proportionate to their respective ownership of Book-Entry Interests as shown on their records. The Issuer expects that payments



by participants or indirect participants to owners of interests in Book-Entry Interests held through such participants or indirect participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers registered in "street name", and will be the responsibility of such participants or indirect participants. None of the Issuer, the Security Trustee, the Series Note Trustee, any Series Paying Agent, any Series Exchange Rate Agent or any Series Registrar will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, the Book-Entry Interests or for maintaining, supervising or reviewing any records relating to such Book-Entry Interests.

Unlike legal owners or holders of the Notes, holders of the Book-Entry Interests held through DTC will not have the right under the relevant Series Trust Deed to act upon solicitations by or on behalf of the Issuer or consents or requests by or on behalf of the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests held through DTC will be permitted to act only to the extent it has received appropriate proxies to do so from DTC and, if applicable, its participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests held through DTC to vote on any requested actions on a timely basis. Similarly, upon the occurrence of a Series Event of Default under the Notes of a Series or a Programme Insolvency Event, holders of Book-Entry Interests held through DTC will be restricted to acting through DTC unless and until Definitive Notes are issued in accordance with the Conditions of the Notes and the relevant Supplement. There can be no assurance that the procedures to be implemented by DTC under such circumstances will be adequate to ensure the timely exercise of remedies under the relevant Series Trust Deed.

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of Book-Entry Interests among participants of DTC and participants of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Security Trustee or the relevant Series Note Trustee, or any of their agents will have any responsibility for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective participants of their respective obligations under the rules and procedures governing their operations.

Because transactions in the Registered Global Notes held by DTC or its nominee will be effected only through DTC, direct and indirect participants in DTC's book-entry system and certain banks, the ability of a holder of a beneficial interest in such a Registered Global Note to pledge such interest to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such interest, may be limited due to the lack of physical security representing such interest.

Certain transfers of Notes or interests therein may only be affected in accordance with, and subject to, certain transfer restrictions and certification requirements.

### ***Optional Redemption***

Although the Issuer is entitled to redeem the Notes of a Series in certain circumstances (see Condition 9 (*Redemption and Series Post-Enforcement Call Option*) below) it is not obliged to do so. The ability of the Issuer to redeem the Notes of a Series will be dependent primarily on its ability to sell or refinance a Series Portfolio for an amount sufficient to enable the Issuer to make payments of all sums due to Noteholders of a Series upon any such redemption. Accordingly, if the Issuer is unable to raise sufficient redemption funds, whether by sale or refinance of the Series Portfolio or otherwise, the Issuer will not be able to exercise its rights of optional early redemption of the Notes.

### ***General legal investment considerations***

The investment activities of certain investors are subject to legal investment laws and regulations, or to review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any

Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## **RISK FACTORS RELATING TO THE SERIES PORTFOLIOS**

### ***Factors that may affect the realisable value of each Series Portfolio or any part thereof***

The realisable value of Loans and their Collateral Security comprised in a Series Portfolio may be reduced (which may affect the ability of the Issuer to meet its obligations under the Programme) by a number of different factors, some of which are described in further detail below.

### ***Default by Borrowers in paying amounts due on their Loans***

Borrowers may default on their obligations due under the Loans. Defaults may occur for a variety of reasons. The Loans are affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Other factors in Borrowers' individual, personal or financial circumstances may affect the ability of Borrowers to repay the Loans. Loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies of Borrowers, and could ultimately have an adverse impact on the ability of Borrowers to repay the Loans. In addition, the ability of a Borrower to sell a property given as security for a Loan at a price sufficient to repay the amounts outstanding under that Loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time.

### ***Non-Conforming Loans***

A Series Portfolio may include Loans to Borrowers who (a) may previously have been subject to one or more County Court Judgments or the Scottish or Northern Irish equivalents (each a **CCJ**), Individual Voluntary Arrangements (each an **IVA**) or Bankruptcy Orders or the Scottish equivalent (each a **BO**); (b) are self-employed and/or have self certified their income and/or (c) are otherwise considered by bank and building society lenders to be non-conforming borrowers (collectively **Non-Conforming Borrowers**).

Loans made to Non-Conforming Borrowers are generally likely to experience higher rates of delinquency, write-offs, enforcement and bankruptcy than have historically been experienced by mortgage loans made to standard borrowers and therefore carry a higher degree of risk. The Lending Criteria of a Series Originator are described in respect of a particular Series Portfolio or Series Sub-Portfolio in the Supplement related to such Series Portfolio or Series Sub-Portfolio.

### ***Underwriting Standards***

The Initial Loans, the Prefunded Loans (if any) and any Substitute Loans in a Series Portfolio have been underwritten or will be underwritten in accordance with the underwriting standards described in "*The Series Portfolios – Lending Criteria*" in the relevant Supplement, which standards may include criteria that would be generally acceptable to residential mortgage lenders lending to borrowers in England, Wales, Northern Ireland and Scotland who include the recently self-employed, independent contractors, temporary employees and people who may have experienced previous credit problems being, in each case, people who do not generally satisfy the lending criteria of traditional sources of residential mortgage capital. These underwriting standards may consider, *inter alia*, a mortgagor's credit history, employment history and status, repayment ability and debt service-to-income ratio, as well as the value of the property. There can be no assurance that Loans with lower loan-to-value ratios or debt service-to-income ratios will experience lower rates of delinquency, enforcement and bankruptcy than Loans with higher loan-to-value ratios or debt service-to-income ratios. There can be no assurance that the Lending Criteria will not be varied or will not

differ for different Series Sub-Portfolios within a Series Portfolio (see "*The Series Portfolios – Lending Criteria*" in the relevant Supplement).

However, these and certain other Lending Criteria are utilised with a view, in part, to mitigating the risks in lending to Non-Conforming Borrowers (see "*The Series Portfolios – Lending Criteria*" in the relevant Supplement). For a detailed analysis of the Loans constituting a Series Portfolio (including each Series Sub-Portfolio, if applicable) at the Cut-off Date, see the relevant Supplement in respect of a Series.

### ***Warranties***

Neither the Issuer, the Programme Arranger, the Dealers in respect of any Series nor the Security Trustee has undertaken or will undertake any investigations, searches or other actions in respect of the Loans and their related Mortgages in a Series Portfolio (as defined in "*The Series Portfolios – Lending Criteria*" in the relevant Supplement), and each will rely instead on the warranties given by the relevant Series Portfolio Seller in the Portfolio Purchase Terms (the **WARRANTIES**). The sole remedy (save as described below) of each of the Issuer and the Security Trustee in respect of a breach of Warranty which could have a material adverse affect on the relevant Loan and related Mortgage in a Series Portfolio shall be the requirement that the relevant Series Portfolio Seller repurchases, or procures the repurchase of, or substitutes a similar loan in replacement for, any Loan which is the subject of any breach, provided that this shall not limit any other remedies available to the Issuer and/or the Security Trustee if the relevant Series Portfolio Seller fails to repurchase a Loan or substitute a Substitute Loan when obliged to do so. See also "*Limited Recourse to a Series Portfolio Seller*" below. Prior to the Issue Date in respect of a Series, the relevant Series Portfolio Seller will arrange an audit of the Series Initial Mortgage Pool to ensure, as far as practicable, that the Loans will not be the subject of a breach of any Warranty.

### ***Risks may vary across Series Sub-Portfolios***

A Series Portfolio may be comprised of one or more Series Sub-Portfolios. The Loans in one Series Sub-Portfolio may have different characteristics and therefore different risk factors from the Loans in another Series Sub-Portfolio within a Series Portfolio. Risks which are specific to a particular Series Sub-Portfolio may be further described in the Supplement related to such Series Portfolio.

### ***The Issuer does not have legal title to the Loans in the Series Portfolio on the relevant Issue Date***

The sale by a Series Portfolio Seller to the Issuer of English Loans and their Collateral Security and Northern Irish Loans and their Collateral Security will take effect by way of an equitable assignment. The sale by a Series Portfolio Seller to the Issuer of Scottish Loans and their Collateral Security will be given effect by way of a Scottish Declaration of Trust under which the beneficial interest in the Scottish Loans and their Collateral Security will be transferred to the Issuer. As a result, save as before mentioned, legal title to the English Loans, Northern Irish Loans and Scottish Loans together with, in each case, their Collateral Security will remain with a Series Portfolio Seller. The Issuer, however, will have the right to demand that a Series Portfolio Seller give its legal title to the Loans and the Collateral Security in the circumstances described in "*Transaction Documents – Series Portfolio Purchase Agreements – Transfer of Title to the Loans to the Issuer*" below and until such right arises the Issuer will not give notice of the sale of the Loans and their Collateral Security to any Borrower or apply to the Land Registry or the Central Land Charges Registry (in relation to the English Loans) or the Northern Ireland Registries (in relation to the Northern Irish Loans) to register or record its equitable interest in the English Loans and the Northern Irish Loans and their Collateral Security or procure the delivery to it of assignments of the Scottish Loans and their Collateral Security or take any other steps to perfect its title to the Scottish Loans and their Collateral Security or the Northern Irish Loans and their Collateral Security respectively at the Registers of Scotland or the Northern Ireland Registries.

Since the Issuer has not obtained legal title to the Loans or their Collateral Security and has not protected its interest in the English and Northern Irish Loans and their Collateral Security by registration of a notice at the

Land Registry or taken any action to complete or perfect its title to the Scottish Loans and their Collateral Security at the Registers of Scotland, the following risks exist:

- first, if a Series Portfolio Seller wrongly sells a Loan and its Collateral Security, which has already been assigned or transferred to the Issuer, to another person and that person acted in good faith and did not have notice of the interests of the Issuer in the Loan and its Collateral Security, then such person might obtain good title to the Loan and its Collateral Security, free from the interests of the Issuer. If this occurred, then the Issuer would not have good title to the affected Loan and its Collateral Security, and it would not be entitled to payments by a Borrower in respect of that Loan. However, the risk of third party claims obtaining priority to the interests of the Issuer would be likely to be limited to circumstances arising from a breach by a Series Portfolio Seller of its contractual obligations or fraud, negligence or mistake on the part of a Series Portfolio Seller, or the Issuer or their respective personnel or agents;
- second, the rights of the Issuer may be subject to the rights of the Borrowers against a Series Portfolio Seller (or, until such time as transfer to a Series Portfolio Seller of Loans by a Series Originator is completed by registration as described above, such Series Originator), such as rights of set off, which occur in relation to transactions between Borrowers and a Series Portfolio Seller (or Series Originator), and the rights of Borrowers to redeem their Mortgages by repaying the Loans directly to a Series Portfolio Seller (and, until the transfer to the Series Portfolio Seller is completed, Series Originator); and
- third, unless the Issuer has perfected the assignment and transfer of the Loans (which it is only entitled to do in certain circumstances), the Issuer would not be able itself to enforce any Borrower's obligations under a Loan or Mortgage but would have to join a Series Portfolio Seller (and, until the transfer to the Series Portfolio Seller is completed, Series Originator) as a party to any legal proceedings.

If any of the events described in the first two bullet points above were to occur then the realisable value of a Series Portfolio or any part thereof and/or the ability of the Issuer to make payments under the Programme may be affected.

Once notice has been given to the Borrowers of the assignment or transfer of the Loans and their Collateral Security to the Issuer, independent set off rights which a Borrower has against a Series Portfolio Seller (or, until notice of the transfer to the Series Portfolio Seller is given, Series Originator) will crystallise and further rights of independent set off would cease to accrue from that date and no new rights of independent set off could be asserted following that notice. Set off rights arising under "transaction set off" (which are set off claims arising out of a transaction connected with the Loan) will not be affected by that notice and will continue to exist.

It should be noted however, that for so long as the Issuer does not have legal title, a Series Portfolio Seller (and, until such time as transfer to a Series Portfolio Seller by a Series Originator is completed, such Series Originator) will undertake for the benefit of the Issuer that it, if reasonably required to do so by the Issuer or the Security Trustee, will participate or join in any legal proceedings to the extent necessary to protect, preserve and enforce a Series Portfolio Seller's or the Issuer's or the Security Trustee's title to or interest in any Loan or its Collateral Security, and take such other steps as may be reasonably required by the Issuer or the Security Trustee in relation to, any legal proceedings in respect of the Loans and their Collateral Security.

***Registration of a Series Portfolio Seller's title to the Loans and Collateral Security in a Series Portfolio may not have been completed before the relevant Issue Date***

Owing to the potentially short period of time between the date on which Loans and their Collateral Security are transferred to a Series Portfolio Seller from a Series Originator (and, in certain cases, to a Series Originator by a third party where such Series Originator does not originate the relevant Loans), and the date

on which the Loans and their Collateral Security are transferred to the Issuer (the **Issue Date**), it is possible that the transfer of legal title to the Loans and Collateral Security to the Series Portfolio Seller (or, in turn the transfer of legal title to the Series Originator by any third party) will not have been protected by registration or recording at the Land Registry or the Central Land Charges Registry or the Northern Ireland Registries or the Registers of Scotland (as applicable) prior to the relevant Issue Date. As a result, it is possible that if the Series Originator (or a third party originator) were wrongly to sell to another person a Loan and its Collateral Security which had been already assigned to a Series Portfolio Seller (or Series Originator), a purchaser of such Loan which acted in good faith and which did not have notice of the interests of the Series Portfolio Seller in the Loan and its Collateral Security might obtain good title to the Loan and its Collateral Security free from the interests of the Series Portfolio Seller and the interests of the Issuer. However, the risk of third party claims obtaining priority to the interests of the Series Portfolio Seller and the Issuer would be likely to be limited to circumstances arising from a breach by a Series Originator of its contractual obligations or fraud, negligence or mistake on the part of a Series Originator.

#### ***Sale of Loans and their Collateral Security following the occurrence of a Series Event of Default or a Programme Insolvency Event***

Following a Series Event of Default in respect of a Series or a Programme Insolvency Event, the Security Trustee or a receiver may sell Loans in a Series Portfolio and their Collateral Security. There is not at present an active and liquid secondary market in the United Kingdom for loans with characteristics similar to the Loans. There is no guarantee that a buyer will be found to acquire the Loans and their Collateral Security at the times required and there can be no guarantee or assurance as to the price which the Security Trustee or a receiver may be able to obtain.

#### ***Limited recourse to a Series Portfolio Seller***

The Issuer and the Security Trustee will not undertake any investigations, searches or other actions in respect of any Loan or its Collateral Security and will rely instead on the Representations and Warranties given by a Series Portfolio Seller in the Series Portfolio Purchase Agreement in respect of the Loans sold by that Series Portfolio Seller to the Issuer as described under "*Transaction Documents – Series Portfolio Purchase Agreements – Representations and Warranties*" below. The sole remedy provided for in each Series Portfolio Purchase Agreement (subject to the relevant cure period as set out in the Series Portfolio Purchase Agreement and save as described below) of each of the Issuer and the Security Trustee in respect of a breach of a Warranty which could have a material adverse effect on the relevant Loan and related Mortgage (other than where such breach was disclosed and/or waived at the point of sale to the Issuer), shall be the requirement that a Series Portfolio Seller repurchase, or procure the purchase of, or substitute a Substitute Loan in replacement for, any Loan which is the subject of such breach, provided that this shall not limit any other remedies available to the Issuer and/or the Security Trustee if a Series Portfolio Seller fails to repurchase a Loan, or substitute a Substitute Loan when obliged to do so.

There can be no assurance that a Series Portfolio Seller will have the financial resources to honour such obligations under the Series Portfolio Purchase Agreements. Such obligations are not guaranteed by nor will they be the responsibility of any person other than that Series Portfolio Seller and neither the Issuer nor the Security Trustee will have recourse to any other person in the event that that Series Portfolio Seller, for whatever reason, fails to meet such obligations.

#### ***Risk of losses associated with declining property values***

The Security over the Issuer's assets may be affected by a decline in the value of the Properties. No assurance can be given that the values of the Properties have remained or will remain at the level at which they were on the dates of origination of the related Loans. If the residential property market in the United Kingdom should experience an overall decline in property values, such a decline could in certain circumstances result in the value of the Collateral Security created by the Mortgages being significantly reduced and ultimately, may result in losses to the Noteholders of the relevant Series if such Security is enforced. Certain geographic regions will from time to time experience weaker regional economic

conditions and housing markets than will other regions and, consequently, will experience higher rates of loss and delinquency on mortgage loans generally. For an overview of the geographical distribution of the Loans sold to the Issuer in connection with the issuance of a Series of Notes, see "*Characteristics of the Series Initial Mortgage Pool*" in the applicable Supplement.

***Risk of losses associated with higher interest rates***

In a higher interest rate environment generally, the interest rate on the Loans in a Series Portfolio which have their interest rate linked to the Bank Rate or LIBOR will rise accordingly. This could result in a higher level of arrears and defaults across a Series Portfolio than might be expected to occur if the Series Portfolio contained a larger number of Fixed Rate Loans or during an environment of low interest rates.

***Risk of losses associated with Interest Only Loans***

There may be Interest Only Loans in a Series Portfolio. Interest Only Loans are originated with a requirement that the Borrower pay scheduled interest payments only. There is no scheduled amortisation of principal. Consequently, upon the maturity of an Interest Only Loan, the Borrower will be required to make a bullet payment that will represent the entirety of the principal amount outstanding. The ability of such a Borrower to repay an Interest Only Loan at maturity frequently depends on such Borrower's ability to refinance the Property or to obtain funds from another source such as pension policies, personal equity plans or endowment policies. No Series Originator (or third party originator) has required that such policies be established with respect to any Interest Only Loans nor has it required that the benefit of any such policies be assigned to it. The only security that exists will therefore be the Mortgage covering the Property. The ability of a Borrower to refinance the Property will be affected by a number of factors, including the value of the Property, the Borrower's equity in the Property, the financial condition of the Borrower, tax laws and general economic conditions at that time. The amount of Loans by value in a Series Portfolio constituting Interest Only Loans will be disclosed in the Supplement related to such Series Portfolio.

***Risk of losses associated with non-owner occupied properties***

There may be Properties relating to Loans in a Series Portfolio which are not owner occupied. It is intended that such Properties (save in the case of certain properties held as investments) will be let by the relevant Borrower to tenants but there can be no guarantee that each such Property will be the subject of an existing tenancy when the relevant Loan is acquired by the Issuer or that any tenancy which is granted will subsist throughout the life of the Loan and/or that the rental income achievable from tenancies of the relevant Property will be sufficient to provide the Borrower with sufficient income to meet the Borrower's interest obligations in respect of the Loan. In the case of certain Buy to Let products, the Borrower is relying on a proportion of their surplus income to supplement the rental income. It is possible that upon enforcement of a Loan in respect of a Property that is subject to an existing tenancy, vacant possession of the Property may not be obtained. The terms of the relevant Mortgage may allow the appointment of a receiver in such circumstances (except in Scotland). The receiver may collect rent and manage the relevant Property until such time as the Property may be sold with vacant possession. The delay of the sale of the relevant Property may impact upon the loss suffered. Otherwise, the Property may have to be sold as an investment property with one or more sitting tenants. This may affect the amount realised upon the enforcement of the Mortgage and the sale of the relevant Property. It is also possible that the rate of delinquencies and losses on Loans secured by non-owner occupied properties could be higher than for Loans secured by the primary residence of the Borrower. The number of non-owner occupied Properties in respect of which Loans in a Series Portfolio have been granted will be disclosed in relation to the value represented by such Loans in the applicable Series Portfolio in the Supplement related to such Series Portfolio.

***Realisation of Charged Property and Liquidity Risk***

The ability of the Issuer to redeem all the Notes of a Series in full and to pay all amounts due to the Noteholders of a Series, including after the occurrence of a Series Event of Default, may depend upon whether the Loans in the relevant Series Portfolio can be realised to obtain an amount sufficient to redeem

the Notes of the relevant Series. In the event of enforcement of the Security, it may be difficult for the Issuer or, as the case may be, the Security Trustee or a receiver to sell the Loans in the relevant Series Portfolio on appropriate terms should such a course of action be required.

### ***Geographic Concentration of Mortgaged Properties***

To the extent that specific geographic regions within the United Kingdom have experienced or may experience in the future weaker regional economic conditions and housing markets than other regions, a concentration of the loans in such a region may be expected to exacerbate all of the risks relating to the loans described in this section. The economy of each geographic region within the United Kingdom is dependent on different mixtures of industries. Any downturn in a local economy or particular industry may adversely affect the regional employment levels and consequently the repayment ability of the Borrowers in that region or the region that relies most heavily on that industry. Any natural disasters in a particular region may reduce the value of affected mortgaged properties. This may result in a loss being incurred upon the sale of the mortgaged property. These circumstances could affect receipts on the Loans and ultimately result in losses on the Notes. For an overview of the geographical distribution of the Loans sold to the Issuer in connection with the issuance of a Series of Notes, see "*Characteristics of the Series Initial Mortgage Pool*" in the applicable Supplement.

### ***Lack of Control by Noteholders of a Series***

The servicing of the Loans in each Series Sub-Portfolio (if applicable) or the Series Portfolio will be carried out by each relevant Series Mortgage Servicer and each relevant Series Mortgage Special Servicer (if specified in the relevant Supplement) with input, in certain circumstances, from each relevant Series Administrator. The holders of Notes will have no right to consent to, or approve of, any actions taken by any relevant Series Mortgage Servicer or any relevant Series Mortgage Special Servicer (if specified in the relevant Supplement) in accordance with the relevant Series Mortgage Servicing Agreement and Series Mortgage Special Servicing Agreement, respectively (see "*Transaction Documents – Series Mortgage Servicing Agreement*", "*Transaction Documents – Series Administration Agreement*" and "*Transaction Documents – Series Mortgage Special Servicing Agreement*" below).

### ***Prefunded Loans***

If, on the first Distribution Date in respect of a Series, the aggregate amount applied by the Issuer to purchase the Prefunded Loans is less than the amount standing to the credit of the relevant Series Prefunded Loans Ledger, a prepayment of principal to holders of the Notes in accordance with Condition 9(b) (*Mandatory Redemption in Part*) will result. Although each Prefunded Loan will, at its Prefunding Acquisition Date, comply with the Warranties, there can be no certainty that all the Prefunded Loans comprised within a Series Sub-Portfolio or Series Portfolio will have similar characteristics as the Loans in the Series Initial Mortgage Pool. In particular, there may be differences in the seasoning and underwriting criteria of the Prefunded Loans.

### ***Buildings Insurance***

In relation to Loans in a Series Portfolio, where a Borrower has insured the relevant Property under an individual buildings insurance policy, the Borrower will not in all cases need to ensure that the interest of the Issuer or Series Portfolio Seller is noted on the buildings insurance policy. No assurance can be given that the Issuer will receive the benefit of any claims made under any applicable insurance policies.

### ***Life Policies***

In relation to Loans in a Series Portfolio, Borrowers may not be required to obtain adequate life cover to repay the Loan in the event of their death prior to the repayment of the Loan. Where such policies are in place, a Series Originator is unlikely to have taken any security over such policies. However, where a Borrower has entered into a life policy and deposited such a policy with the relevant Series Originator and

such policy has been transferred to the relevant Series Portfolio Seller, that Series Portfolio Seller will in turn hold the benefit of such policies (if any) on behalf of the Issuer and the Security Trustee. No assurance can be given that the Issuer or the Security Trustee will receive any benefit of any claims made under any applicable life or endowment policies (see "*Risk Factors Relating to the Series Portfolios – Insurance Contracts – Life Policies*" below).

### ***Retentions***

Pursuant to the terms of certain Loans in a Series Portfolio, some Borrowers may not have been advanced all of their entitled loan amount on the initial drawdown date. Such withheld amounts (the **Retentions**) will only be advanced to Borrowers on satisfaction of the requisite conditions attached to their Loans.

The Issuer expects to fund any Retentions (if any) from principal payments received under the Loans in a Series Portfolio during the relevant Determination Period in which such Retentions are to be made pursuant to the terms of the relevant Loan. The Issuer may not, however, receive sufficient amounts of principal to meet the amounts the relevant Series Portfolio Seller is required to make as Retentions. If, and to the extent that, the relevant Series Portfolio Seller fails to make Retentions to the relevant Borrowers when it is required to do so, this may give rise to an entitlement on the part of the relevant Borrower to set off amounts to an amount equal to the Retention which it has failed to receive under the terms of the relevant Loan (including any claims for damages) against amounts owing by such Borrower.

### ***Legal considerations regarding Scottish Loans***

In order to perfect its security and to secure priority over any subsequent security, a Scottish Mortgage must be registered in the Registers of Scotland, failing which it will not be effective against a subsequent purchaser or the heritable creditor under another standard security over the property. The priority of standard securities is (subject to express agreement to the contrary between the security holders) governed by their date of registration rather than their date of execution. There is no equivalent in Scotland to the priority period system which operates in relation to registered land in England and Wales. A standard security can only be enforced by a lender if it complies with the statutory enforcement procedures. The lender's enforcement remedies are subject to the Mortgage Rights (Scotland) Act 2001. In terms of that Act, a borrower (or the borrower's spouse or partner) can seek to have suspended the lender's enforcement remedies which, if successful, can see the suspension of the lender's enforcement rights for such period, to such extent and subject to such condition as the court considers reasonable. A summary of the general legal background in relation to Scottish Mortgages is given in "*Composition of Series Portfolios – The Scottish Loans*" below.

## **GENERAL RISK FACTORS**

### ***Fixed charges may take effect under English law and Northern Irish law as floating charges***

Pursuant to the terms of the Security Deed, the Issuer and the Parent have purported to grant fixed charges over, amongst other things, in the case of the Issuer, its interests in the English Loans, the Northern Irish Loans and their Collateral Security and its rights and benefits in the Programme Account and the Series Bank Accounts and in the case of the Parent, its rights and benefits under the Programme Issuer Declaration of Trust.

The law in England and Wales and in Northern Ireland relating to the characterisation of fixed charges is unsettled. The fixed charges purported to be granted by the Issuer may take effect under English law and Northern Irish law as floating charges only, if, for example, it is determined that the Security Trustee does not exert sufficient control over the charged property for the security to be said to "fix" over those assets. It should be assumed by Noteholders that the fixed charges will take effect as floating charges. If the charges take effect as floating charges instead of fixed charges, then, as a matter of law, certain claims would have priority over the claims of the Security Trustee in respect of the floating charge assets. In particular, the expenses of any administration, and the claims of any preferential creditors and certain claims of unsecured creditors would rank ahead of the claims of the Security Trustee in this regard. The Enterprise Act 2002, and



in Northern Ireland, the Insolvency (Northern Ireland) Order 2005, abolished the preferential status of certain Crown debts (including the claims of the United Kingdom tax authorities). However, certain employee claims (in respect of contributions to pension schemes and wages) still have preferential status. In this regard, it should be noted that the Issuer has agreed in the Transaction Documents in respect of the relevant Series not to have any employees.

In addition, any administrative receiver, administrator or liquidator appointed in respect of the Issuer or the Parent, as applicable, will be required to set aside the prescribed percentage or percentages of the floating charge realisations in respect of the floating charges contained in the Security Deed.

### ***Liquidation Expenses***

Prior to the House of Lords' decision in the case of *Re Leyland Daf* [2004] UKHL 9, the general position was that, in a liquidation of a company, the liquidation expenses ranked ahead of unsecured debts and floating chargees' claims. *Re Leyland Daf* reversed this position so that liquidation expenses could no longer be recouped out of assets subject to a floating charge. The Companies Act 2006 contains provisions which will, when they are brought into force, broadly restore the pre-*Leyland Daf* position. However, these provisions will only come into force upon the enactment of secondary legislation which will deal with who is entitled to approve the remuneration and expenses of the liquidator. This is not expected to occur until mid-2007. No draft of any such secondary legislation is available yet. The Insolvency Service has indicated that the draft rules will be subject to consultation and debate.

At this stage, it is too early to say what form the secondary legislation will take. However, it seems likely that, following the coming into force of the relevant provisions of the Companies Act 2006, floating charge realisations upon the enforcement of the floating charge security granted by the Issuer would be reduced by the amount of all, or a significant proportion of, liquidation expenses.

### ***Changes of law***

The structure of the transaction and, *inter alia*, the issue of the Notes of a Series and the ratings which are to be assigned to them are based on English law, tax, accounting and English regulatory, accounting and administrative requirements and practice, in effect as at the date of this Offering Circular and having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given as to the impact of any possible change to English law, tax, regulatory, accounting or administrative practice in the United Kingdom (UK) after the date of this Offering Circular. Further, no assurance can be given that action and rules and regulations, additional to those discussed herein, from any regulatory authority will not be implemented with regard to the mortgage market in the United Kingdom generally, the particular sector in that market in which a Series Portfolio Seller operates or specifically in relation to a Series Portfolio Seller. Any such action or developments, in particular, but not limited to, the cost of compliance, may have a material adverse effect on the Loans, a Series Portfolio Seller, a Series Administrator, a Series Mortgage Servicer, any Series Mortgage Special Servicer, any Series Standby Mortgage Servicer, the Issuer, the Security Trustee and their respective businesses and operations. This may also adversely affect the Issuer's ability to make payments to Noteholders.

### ***Interest Rate, Basis Rate and Currency Risk***

Repayments of principal and payments of interest on a Series and Class of Notes may be made in a currency or at a rate of interest other than the currency in which or the rate of interest at which the Borrowers make payments of interest and principal on the Loans in respect of the relevant Series Portfolio.

To hedge against a possible rise in LIBOR, the Issuer may enter into a Series Interest Rate Cap Agreement with a Series Interest Rate Cap Provider (see "*Credit Structure of the Notes – Series Interest Rate Cap Agreements*") and a Series Interest Rate Cap Provider's obligations under a Series Interest Rate Cap Agreement may be guaranteed by the relevant Series Interest Rate Cap Guarantor.

To hedge against the potential mismatch between a fixed rate of interest on the Loans and the floating rate of interest payable on the Notes, the issuer may enter into a Series Interest Rate Swap Agreement with a Series Interest Rate Swap Provider (see "*Credit Structure of the Notes – Series Interest Rate Swap Agreements*").

To hedge against the potential mismatch between LIBOR and the Bank Rate and/or a possible mismatch caused by LIBOR of a particular maturity being used to calculate the floating rate of interest for certain Loans in any Series Portfolio and LIBOR of a different maturity being used to calculate the floating rate of interest for certain Classes of Notes of the relevant Series, the Issuer may enter into one or more Series Basis Rate Swap Agreements with a Series Basis Rate Swap Provider (see "*Credit Structure of the Notes – Series Basis Rate Swap Agreements*").

To hedge against any currency exchange rate exposure (and any related interest rate exposure) on payments of interest by Borrowers under the Loans and payments of interest by the Issuer in respect of, for example, USD Notes (if applicable) which bear interest at a rate based on a margin over Note USD-LIBOR and, for example, the Euro Notes (if applicable) which bear interest at a rate based on a margin over Note EURIBOR, the Issuer will enter into one or more Series Currency Swap Agreements with one or more Series Currency Swap Providers (see "*Credit Structure of the Notes – Series Currency Swap Agreements*" below).

The interest rate risk, basis rate risk and the currency risk may not be mitigated in full by a Series Interest Rate Cap Agreement, a Series Interest Rate Swap Agreement, a Series Basis Rate Swap Agreement or a Series Currency Swap Agreement.

## GENERAL REGULATORY CONSIDERATIONS

### *Financial Services and Markets Act 2000*

Since 31 October 2004 (the date known as **N(M)**), most first-charge residential mortgage business in the United Kingdom is now regulated by the Financial Services Authority (the **FSA**) under the Financial Services and Markets Act 2000 (the **FSMA**) and brought within the jurisdiction of the Financial Ombudsman Service (the **Ombudsman**). Entering into, arranging, advising on and administering Regulated Mortgage Contracts (including arranging and advising on variations to such contracts), and agreeing to do any of these things, are (subject to applicable exemptions) regulated activities under the FSMA.

A credit agreement is a **Regulated Mortgage Contract** under the FSMA, if, at the time the contract is entered into on or after **N(M)**: (a) the borrower is an individual or trustee; (b) the contract provides for the obligation of the borrower to repay to be secured by (in England and Wales) a first legal mortgage or (in Northern Ireland) a first ranking mortgage or charge or (in Scotland) a first ranking standard security over land (other than timeshare accommodation) in the United Kingdom; and (c) at least 40 per cent. of that land is used, or is intended to be used, as or in connection with any dwelling by the borrower or (in the case of credit provided to trustees) by an individual who is a beneficiary of the trust, or by a related person.

Any person carrying out a regulated activity, unless an exemption is available, must be authorised by the FSA, with specific permission required from the FSA to engage in the activity. Further, each financial promotion in respect of an agreement relating to qualifying credit has to be issued or approved by a person holding authorisation and permission from the FSA.

In particular, an unauthorised person may arrange for an authorised person to administer its Regulated Mortgage Contracts but, if that arrangement comes to an end, that unauthorised person may commit an offence if it administers the Regulated Mortgage Contracts for more than one month after the end of the arrangement, although this will not render the contract unenforceable against the borrower. Neither the Issuer nor the Security Trustee are, nor propose to be, authorised persons under the FSMA. The Issuer and the Security Trustee do not require authorisation in order to acquire legal or beneficial title to a regulated mortgage contract. Neither the Issuer nor the Security Trustee carry on the regulated activity of administering or servicing mortgage contracts, because the Loans are administered and serviced pursuant to each Series Administration Agreement, each Series Mortgage Servicing Agreement and any Series Mortgage

Special Servicing Agreement by each Series Administrator, each Series Mortgage Servicer and any Series Mortgage Special Servicer respectively, who have the required FSA authorisation and permission.

If requirements as to authorisation of lenders and brokers, or as to the issue and approval of advertisements in respect of credit secured on land, are not complied with, a Regulated Mortgage Contract would be unenforceable against a Borrower except with the approval of a court (and the person in breach may have committed an offence).

Under Section 150 of the FSMA, a Borrower who is a private person may be entitled to claim damages for loss suffered as a result of any contravention of an FSA rule by an authorised person. In the case of such contravention by relevant originator, the Borrower may claim such damages against the relevant originator, or set off the amount of such claim against the amount owing by the Borrower under the Loan or any other loan agreement that the Borrower has taken with that originator. Any such claim or set off may adversely affect the ability of the Issuer to make payments to the Noteholders.

The FSA's Mortgages and Home Finance: Conduct of Business Sourcebook (**MCOB**) sets out its conduct of business rules in respect of regulated mortgage activities. These rules and guidance cover, *inter alia*, pre-contract and start of contract disclosures, post-sale disclosures (annual statements), rules on contract changes, charges, arrears and repossessions and certain pre-origination matters such as financial promotions and pre-application illustrations. MCOB came into force on N(M).

FSA rules for prudential and authorisation requirements placed on authorised persons in respect of regulated mortgage activities came into force on N(M), together with rules covering the extension of the appointed representatives regime (which previously applied to investment business) to mortgages. Similar rules for general insurance came into force on 14 January 2005.

The FSMA regime covers contracts entered into on or after N(M) together with any pre-N(M) contracts which are varied on or after N(M) where a new contract is created (provided that the new contract satisfies the definition of Regulated Mortgage Contract). On and after N(M), no variation has been or will be made to the Loans, and nothing has been or will be done in relation to the Loans, where it would result in the Issuer or the Security Trustee arranging or advising in respect of, or administering or entering into, a Regulated Mortgage Contract (or agreeing to carry on any of these activities), if it would have been or would be required to be authorised under the FSMA to do so.

So as to avoid dual regulation, it is intended that Regulated Mortgage Contracts are not regulated by the Consumer Credit Act 1974 (the CCA), and the relevant regulations under the FSMA are designed to clarify the position in this regard. This exemption only affects credit agreements made on or after N(M), and credit agreements made before N(M) but subsequently varied such that a new contract is entered into on or after N(M) which constitutes a Regulated Mortgage Contract. A court order under Section 126 of the CCA is necessary, however, to enforce a land mortgage securing a Regulated Mortgage Contract to the extent that it would otherwise be regulated by the CCA or treated as such.

Any credit agreement intended to be a Regulated Mortgage Contract under the FSMA might instead be wholly or partly regulated by the CCA or treated as such, or unregulated, and any credit agreement intended to be unregulated might instead be a Regulated Mortgage Contract under the FSMA, because of technical rules on (a) determining whether the credit agreement or any part of it falls within the definition of "Regulated Mortgage Contract" and (b) changes to credit agreements.

#### ***Unfair Terms in Consumer Contracts Regulations 1994 and 1999***

The Unfair Terms in Consumer Contracts Regulations 1999 as amended (the **1999 Regulations**) and (in so far as applicable) the Unfair Terms in Consumer Contracts Regulations 1994 (together with the 1999 Regulations, the **UTCCR**) apply to agreements made on or after 1 July 1995 and apply to all or almost all of the Loans.

The UTCCR provide that: (a) a consumer may challenge a standard term in an agreement on the basis that it is an "unfair" term within the UTCCR, and any term in such agreement which is found to be unfair will not be binding on the consumer; and (b) the Office of Fair Trading (the **OFT**), the FSA and any other "qualifying body" (as defined in the 1999 Regulations) may seek to enjoin (or, in Scotland, interdict) a business against relying on unfair terms, although the rest of the agreement will remain enforceable if it is capable of continuing in existence without the unfair term.

This will not generally affect "core" terms, which set out the main subject matter of the contract such as the borrower's obligation to repay the principal (provided that these terms are written in plain and intelligible language and are drawn adequately to the consumer's attention). This may affect terms deemed to be ancillary terms, which may include the ability to choose a substitute for LIBOR, where LIBOR cannot be determined under the loan agreement, and other terms the application of which are in the lender's discretion.

For example, if a term permitting the lender to vary the interest rate is found to be unfair, the borrower would not be liable to pay the increased rate or, to the extent that he has paid it, would be able, as against the lender or any assignee such as the Issuer, to claim repayment of the extra interest amounts paid or to set off the amount of such claim against the amount owing by the borrower under the loan agreement or under any other loan agreement that the borrower has taken with the lender. Any such non-recovery, claim or set off ultimately may adversely affect the ability of the Issuer to make payments to Noteholders.

The OFT issued guidelines on 24 February 2000 setting out what it will regard as "fair" provisions under the UTCCR in mortgage loan agreements enabling lenders to vary interest rates unilaterally. Any provision for precise and immediate tracking of generally accepted external comparators outside the lender's control, such as the Bank Rate or LIBOR, is likely to be regarded as being "fair". Other provisions which are not related to such comparators, such as if the borrower is locked in, for example by a mortgage early repayment charge that is considered to be a penalty, are likely to be regarded by the OFT as "unfair" under the UTCCR unless (i) the relevant rate change is not implemented until at least 30 days after the borrower has been given written notice of the change and (ii) the borrower is entitled to repay the whole loan within three months of the change without paying an early repayment charge. These guidelines have been withdrawn from the OFT website, but may remain in effect as the OFT's view and constitute a factor which the FSA may take into account.

Under a new concordat agreed between the FSA and the OFT, with effect from 31 July 2006, responsibility for the enforcement of the UTCCR in mortgage loan agreements was agreed to be allocated in the following manner: (a) to the FSA in relation to Regulated Mortgage Contracts and mortgage loans originated by lenders authorised by the FSA, and (b) to the OFT in relation to other mortgage loans. In May 2005, the FSA issued a statement of good practice on fairness of terms in consumer contracts, which is addressed to firms authorised and regulated by the FSA in relation to products and services within the FSA's regulatory scope. This statement provides, *inter alia*, that a contract "locks in" a consumer where, in order to withdraw from the contract, the consumer is required to give advance notice or to pay a cost or to give up a benefit, and that a firm may consider drafting the contract to permit a change to be made only where any "lock-in" term is not exercised. In January 2007, the FSA issued a statement of good practice on mortgage exit administration fees. This statement provides that the lender should ensure that the fee represents in fact the cost of the administration services that the lender provides when a borrower exits the mortgage.

It should also be noted that in the context of the OFT's investigation into credit card default charges, the OFT on 5 April 2006 publicly announced that the principles the OFT considers should be applied in assessing the fairness of credit card default charges shall apply (or are likely to apply) also to analogous default charges in other agreements (including those for mortgages).

In August 2002, the Law Commission for England and Wales and the Scottish Law Commission published a Joint Consultation Paper proposing changes to the 1999 Regulations, including harmonising provisions of the 1999 Regulations and the Unfair Contract Terms Act 1977, applying the 1999 Regulations to business-to-business contracts, and revising the 1999 Regulations to make them "clearer and more accessible". A final report, together with a draft bill, was published in February 2005. It is not proposed that

there should be any significant increase in the extent of controls over terms in consumer contracts. Some changes are proposed, however, such as that: (a) a consumer may also challenge a negotiated term in an agreement on the basis that it is "unfair" and "unreasonable" within the legislation and therefore not binding on the consumer; and (b) in any challenge by a consumer (but not by the OFT or a qualifying body) of a standard term or negotiated term, the burden of proof lies on the business to show that the term is fair and reasonable.

### *Non-Status Lending Guidelines for Lenders and Brokers*

The OFT issued Non-Status Lending Guidelines for Lenders and Brokers (the **Guidelines**) on 18 July 1997 (revised in November 1997). The Guidelines apply to all mortgage loans made to non-status borrowers, defined for the purposes of the Guidelines as borrowers with a low or impaired credit rating or who might otherwise find it difficult generally to obtain finance from traditional sources on normal terms and conditions. The Guidelines are not primary or subordinate legislation. As such, they set out certain "principles" to be applied in the context of the non-status residential mortgage market that are considered by the OFT to be good business practice for lenders and brokers to adopt in order that their fitness to hold a consumer credit licence is not brought into question. The Guidelines place certain constraints on lenders in the non-status residential mortgage market in respect of matters such as advertisement of mortgage products, loan documentation and contract terms, selling methods employed by lenders and their brokers, underwriting, dual interest rates, flat interest rates and early redemption payments.

The Guidelines are designed to promote transparency in all dealings with borrowers, requiring clear contract terms and conditions to be provided promptly with full explanations of all fees and charges payable by the borrower in connection with the mortgage.

According to the Guidelines, advertising and other promotional material must be clear and not misleading, and the Guidelines prohibit unfair sales tactics.

The relationship between lenders and brokers is also addressed by the Guidelines. Brokers are obliged to disclose at the outset of the transaction their status with regard to the borrower and the lender, together with details of any fee or commission payable to them as broker. Lenders must take all reasonable steps to ensure that brokers and other intermediaries which market their products do not engage in unfair business practices or act unlawfully, that they serve the best interests of the borrowers and explain clearly the documentation and consequences of any breach or early repayment by the borrowers.

The actions of any broker or other intermediary involved in marketing a lender's products can jeopardise the lender's fitness to hold a consumer credit licence, and the Guidelines make clear that, pursuant to the CCA, lenders must take all reasonable steps to ensure that such brokers and other intermediaries comply with the Guidelines and all relevant statutory requirements. This is so even if the lender has no formal or informal control or influence over the broker.

The Guidelines require that lenders carry on responsible lending, with all underwriting decisions being subject to a proper assessment of the borrower's ability to pay, taking into account all relevant circumstances, such as the purpose of the loan, the borrower's income, outgoings, employment and previous credit history. Lenders must take all reasonable steps to verify the accuracy of information provided by borrowers in respect of or in support of the loan application, and all underwriting staff must be properly trained and supervised.

The Guidelines emphasise prompt notification to borrowers of any changes in the terms and conditions of the mortgage. For example, the lender may not change the borrower's monthly payment date unilaterally unless at least two months' written notice has been given, and the borrower must be given written notice of any increases in interest rates at least fourteen days before the date on which the relevant payment falls due.

Charges payable on any early redemption (in whole or in part) are also dealt with in the Guidelines. Essentially, partial repayments must be permitted and any early repayment charges must do no more than

cover the costs reasonably incurred by the lender in processing the payments and cover reasonable losses arising from the prepayment.

The Guidelines also state that inclusion of an annual flat interest rate, in cases where the amount of interest component of the payment made by the borrower on each payment date under the loan is calculated on the basis of the full amount drawn under the loan, rather than the principal amount outstanding from time to time under the loan, should be avoided.

In addition, the Guidelines discourage lenders from charging a higher interest rate on default on the basis that it is unfair and oppressive. Any administrative charges incurred on default must be reasonable, covering the lender's administrative costs only, and must be set out in the documentation.

Arrears must be dealt with sympathetically and positively and monitored closely, with repossession taking place only as a last resort. Additionally, the requisite court proceedings should not be instituted unless all other avenues have failed.

Lenders regulated by the FSMA are subject to "responsible lending" requirements. They are obliged to take account of the borrower's ability to repay before deciding to enter into a Regulated Mortgage Contract (or to make further advances on such a contract). They must also put in place, and operate in accordance with, a written responsible lending policy.

#### ***Consumer Credit Act 1974***

The OFT has responsibility for the issue of licences under the CCA and the monitoring of the activities of licence-holders. If the OFT feels that a licence-holder is no longer fit to hold its licence, the OFT may commence formal proceedings for the revocation of the licence. In the event that a consumer credit licence is revoked, the former licence-holder will no longer be able to carry on activities licensable under the CCA. The OFT may review businesses and operations, provide guidelines to follow, and take action when necessary with regard to the mortgage market in the United Kingdom.

Currently, a credit agreement is regulated by the CCA where: (a) the borrower is or includes an "individual", as defined in the CCA; (b) the amount of "credit" as defined in the CCA does not exceed the financial limit, which is £25,000 for credit agreements made on or after 1 May 1998, or lower amounts for credit agreements made before that date; and (c) the credit agreement is not an exempt agreement under the CCA.

Any credit agreement that is wholly or partly regulated by the CCA or treated as such has to comply with requirements under the CCA as to licensing of lenders and brokers, documentation and procedures of credit agreements, and (in so far as applicable) pre-contract disclosure. If it does not comply with those requirements, then to the extent that the credit agreement is regulated by the CCA or treated as such, it is unenforceable against the borrower:

- (a) without an order of the OFT, if requirements as to licensing of lenders and brokers are not met at the relevant time;
- (b) totally, if the credit agreement is made before 6 April 2007, and if the form to be signed by the borrower is not signed by the borrower personally or omits or mis-states a "prescribed term"; or
- (c) without a court order in other cases and, in exercising its discretion whether to make the order, the court would take into account any prejudice suffered by the borrower and any culpability of the lender.

Any Loan, notwithstanding any contrary intention, might be wholly or partly regulated by the CCA or treated as such because of technical rules on:

- (a) determining whether any credit under the CCA arises, or whether the financial limit of the CCA is exceeded;

- (b) determining whether the credit agreement is an exempt agreement under the CCA; or
- (c) changes to credit agreements.

So as to avoid dual regulation, it is intended that Regulated Mortgage Contracts are exempt agreements under the CCA. Relevant provisions of the CCA are designed to clarify the position in this regard.

A court order under Section 126 of the CCA is necessary to enforce a land mortgage or standard security securing a credit agreement to the extent that the credit agreement is regulated by the CCA or treated as such. In dealing with such application, the court has the power, if it appears just to do so, to amend a credit agreement or to impose conditions upon its performance or to make a time order (for example, giving extra time for arrears to be cleared).

Under Section 75 of the CCA in certain circumstances: (a) the lender is liable to the borrower in relation to misrepresentation and breach of contract by a supplier in a transaction financed by the lender, where the related credit agreement is or is treated as entered into under pre-existing arrangements, or in contemplation of future arrangements, between the lender and the supplier; and (b) the lender has a statutory indemnity from the supplier against such liability, subject to any agreement between the lender and the supplier. The Borrower may claim against the relevant originator, or set off the amount of such claim against the amount owing by the Borrower under the Loan, or under any other loan agreement that the Borrower has taken with that originator. Any such claim or set off may adversely affect the ability of the Issuer to make payments to Noteholders of a Series.

### ***Consumer Credit Reform***

The Consumer Credit Act 2006 (the **CCA 2006**) was enacted on 30 March 2006, and updates and augments the CCA. The main reforms came into force, or are expected to come in force, on the common commencement dates 6 April 2007, 6 April 2008 and 1 October 2008.

On 6 April 2007, the Ombudsman acquired a consumer credit jurisdiction over consumer credit licensees. This jurisdiction allows a borrower who is an "individual" as defined in the CCA to challenge a credit agreement or its terms without court proceedings.

Also on 6 April 2007, the grounds for challenging a credit agreement (other than a Regulated Mortgage Contract) changed from "extortionate credit bargain" to "unfair relationship" between the lender and the borrower for credit agreements made after that date. The "unfair relationship" grounds: (a) take into account a wider range of circumstances surrounding the credit agreement, including the lender's conduct before and after entering into the credit agreement; (b) once the borrower alleges an unfair relationship, place the burden of proof to the contrary on the lender or its assignee; and (c) explicitly impose liability to repay the borrower on both the relevant originator and any assignee such as the Issuer. On and after 6 April 2008, this test will also apply retrospectively to existing credit agreements.

Expected on 6 April 2008, the financial limit of £25,000 for credit agreements regulated by the CCA will be removed for consumer lending. This change will widen the scope of regulation by the CCA to include, for example, potentially most buy to let loans. The Department of Trade and Industry (the **DTI**) has indicated that it intends to address this consequence for buy to let loans.

Also expected on 6 April 2008, the OFT will have wider powers over consumer credit licensees to include, for example, power to impose civil penalties. A Consumer Credit Appeals Tribunal will be introduced to hear appeals from determinations by the OFT in relation to licensing matters. These changes to the CCA may result in adverse effects on the issuing entity's ability to make payment when due and in full to Noteholders of a Series.

Expected on 1 October 2008, lenders will be required to give borrowers regular statements and more event-driven disclosures for credit agreements regulated by the CCA.

Each originator has interpreted certain technical rules under the CCA in a way common with many other lenders in the mortgage market. If such interpretation were held to be incorrect by a court or by the Ombudsman, then a Loan, to the extent that it is regulated by the CCA or treated as such, would be unenforceable as described above. If such interpretation were challenged by a significant number of Borrowers, then this could lead to significant disruption and shortfall in the income of the Issuer. Court decisions have been made on technical rules under the CCA against certain mortgage lenders, but such decisions are very few and are generally county court decisions which are not binding on other courts.

Under each of the Series Portfolio Purchase Agreements, a Series Portfolio Seller will be obliged to repurchase any Loan that is wholly or partly regulated or to be treated as such under the CCA if a court or other dispute resolution authority finds that the obligation of the Borrower to repay principal and pay interest under the Loan is not enforceable under the CCA.

### ***Proposed Consumer Credit Directive***

In September 2002, the European Commission published a proposal for a directive of the European Parliament and of the Council on consumer credit.

The proposal and amended proposal published in October 2004 were met with significant opposition.

In July 2005, the European Commission published a Green Paper on mortgage credit, in which it announced its intention that loans secured by a mortgage on land will be excluded from the proposed directive but will be covered by any initiatives resulting from the Green Paper process. A White Paper on mortgage credit is expected in mid-2007 with a view to the possible introduction of a mortgage directive.

In October 2005, the European Commission published a further amended proposal for a directive on consumer credit, which would apply to loans not exceeding €50,000 (subject to certain exceptions), but would not apply to loans secured by a land mortgage. The proposed directive may be further substantially amended before it is brought into effect. When the proposed directive is adopted, Member States will have two years in which to bring national implementing legislation into force. In March 2006, the DTI released a further consultation paper in this area and the Government's response was published in November 2006, confirming its continuing support for the exclusion of secured lending from the scope of the proposed consumer credit directive.

It is uncertain what effect the adoption and implementation of the proposed directive, or of any initiatives resulting from the Green Paper process, would have on the Loans, each Series Portfolio Seller or the Issuer and their respective businesses and operations. No assurance can be given that the finalised directive or initiatives will not adversely affect the ability of the Issuer to make payments to Noteholders.

### ***Financial Services (Distance Marketing) Regulations 2004***

The Financial Services (Distance Marketing) Regulations 2004 apply to, *inter alia*, credit agreements entered into on or after 31 October 2004 by means of distance communication (i.e. without any substantive simultaneous physical presence of the lender and the borrower). A Regulated Mortgage Contract under the FSMA (if originated by a UK lender from an establishment in the UK) will not be cancellable under these regulations. Certain other credit agreements will be cancellable under these regulations, if the borrower does not receive prescribed information at the prescribed time. The borrower may send notice of cancellation under these regulations at any time before the end of the 14th day after the day on which the cancellable agreement is made, where all the prescribed information has been received, or, if later, the borrower receives the last of prescribed information.

If the borrower cancels the credit agreement under these regulations, then: (a) the borrower is liable to repay the principal and any other sums paid by the lender to the borrower under or in relation to the cancelled agreement, within 30 days beginning with the day of the borrower sending notice of cancellation or, if later, the originator receiving notice of cancellation; (b) the borrower is liable to pay interest, or any early



repayment charge or other charge for credit under the cancelled agreement, only if the borrower received certain prescribed information at the prescribed time and if other conditions are met; and (c) any security provided in relation to the contract is treated as never having had effect for the cancelled agreement.

If a significant portion of the Loans in a Series Portfolio are characterised as being cancellable under these regulations, then there could be an adverse effect on the Issuer's receipts in respect of the Loans, affecting the Issuer's ability to make payments to Noteholders.

### ***Financial Ombudsman Service***

Under the FSMA, the Ombudsman is required to make decisions on, *inter alia*, complaints relating to activities and transactions under its jurisdiction on the basis of what, in the Ombudsman's opinion, would be fair and reasonable in all the circumstances of the case, taking into account, *inter alia*, law and guidance. Transitional provisions exist pursuant to which certain complaints relating to breach of the Council of Mortgage Lenders' Mortgage Code occurring before N(M) may be dealt with by the Financial Ombudsman Service. Complaints brought before the Ombudsman for consideration must be decided on a case-by-case basis, with reference to the particular facts of any individual case. Each case would first be adjudicated by an adjudicator. Either party to the case may appeal against the adjudication. In the event of an appeal, the case proceeds to a final decision by the Ombudsman.

As the Ombudsman is required to make decisions on the basis of, *inter alia*, the principles of fairness, and may order a money award to the borrower, it is not possible to predict how any future decision of the Ombudsman would affect the ability of the Issuer to make payments to Noteholders.

### ***Unfair Commercial Practices Directive***

In May 2005, the European Parliament and the Council adopted a directive on unfair business-to-consumer commercial practices (the **Unfair Practices Directive**). Generally, this directive applies full harmonisation, which means that Member States may not impose more stringent provisions in the fields to which full harmonisation applies. By way of exception, this directive permits Member States to impose more stringent provisions in the fields of financial services and immoveable property, such as mortgage loans.

The Unfair Practices Directive provides that enforcement bodies may take administrative action or legal proceedings against a commercial practice on the basis that it is "unfair" within the directive. This directive is intended to protect only the collective interests of consumers, and so is not intended to give any claim, defence or right of set off to an individual consumer.

Under the Unfair Practices Directive a commercial practice is to be regarded as unfair if it is: (a) contrary to the requirements of professional diligence; and (b) materially distorts or is likely to distort the economic behaviour of the average consumer whom the practice reaches or to whom it is addressed (or where a practice is directed at or is of a type which may affect a particular group of consumers, the average consumer of that group). In addition to the general prohibition on unfair commercial practices, the Unfair Practices Directive contains provisions aimed at aggressive and misleading practices and a list of practices which will in all cases be considered unfair.

The DTI published consultations on the Unfair Practices Directive in December 2005, December 2006 and May 2007. The FSA is taking the directive into account in reviewing its relevant rules, such as MCOB. Member States have until 12 June 2007 to transpose the directive into law and until 12 December 2007 to bring those laws into force, subject to a transitional period until 12 June 2013 for applying full harmonisation in the fields to which it applies. It is too early to predict what effect the implementation of this directive would have on the Loans, a Series Portfolio Seller or the Issuer and their respective businesses and operations. No assurance can be given that the implementation of this directive will not adversely affect the ability of the Issuer to make payments to Noteholders.

### ***European Monetary Union***

If the United Kingdom joins the European Monetary Union, there is no assurance that this would not adversely affect the realisable value of the Series Portfolios or any part thereof, or pending such realisation (or if the Series Portfolios or any part thereof cannot be sold), the ability of the Issuer to make payments of interest and principal on the Notes.

It is possible that the United Kingdom may become a participating Member State in the European Monetary Union and that the euro may become the lawful currency of the United Kingdom. In that event, (a) all amounts payable in respect of any Notes denominated in Sterling may become payable in euro; (b) applicable provisions of law may allow or require such Notes to be re-denominated into euro and additional measures to be taken in respect of such Notes; and (c) the introduction of the euro as the lawful currency of the United Kingdom may result in the disappearance of published or displayed rates for deposits in Sterling used to determine the rates of interest on such Notes or changes in the way those rates are calculated, quoted and published or displayed. The introduction of the euro could also be accompanied by a volatile interest rate environment which could adversely affect a Borrower's ability to repay its Loan as well as adversely affect investors. It cannot be said with certainty what effect, if any, adoption of the euro by the United Kingdom will have on investors in the Notes.

### ***English law security and insolvency considerations***

The Issuer and the Parent will enter into the Security Deed pursuant to which they will grant security (including the Security) in respect of certain of their obligations, including the Issuer's obligations under the Notes (as to which, see "*Transaction Documents – Security Deed*"). In certain circumstances, including the occurrence of certain insolvency events in respect of the Issuer, the ability to realise such security may be delayed and/or the value of the relevant security impaired. While the transaction structure is designed to minimise the likelihood of the Issuer becoming insolvent, there can be no assurance that the Issuer will not become insolvent and/or the subject of insolvency proceedings and/or that the Noteholders would not be adversely affected by the application of insolvency laws (including English insolvency laws).

In addition, it should be noted that, to the extent that the assets of the Issuer are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge), in certain circumstances under the provisions of section 176A of the Insolvency Act 1986, certain floating charge realisations which would otherwise be available to satisfy the claims of Secured Creditors under the Security Deed may be used to satisfy any claims of unsecured creditors. While certain of the covenants given by the Issuer in the Transaction Documents are intended to ensure it has no significant creditors other than the Secured Creditors under the Security Deed, it will be a matter of fact as to whether the Issuer has any other such creditors at any time. There can be no assurance that the Noteholders will not be adversely affected by any such reduction in floating charge realisations upon the enforcement of the Security.

### ***Implementation of Basel II risk-weighted asset framework may result in changes to the risk-weighting of the Notes***

Following the issue of proposals from the Basel Committee on Banking Supervision for reform of the 1988 Capital Accord, a framework has been developed which places enhanced emphasis on market discipline and sensitivity to risk. An updated version of the text of the proposed framework was published in November 2005 under the title "Basel II: International Convergence of Capital Management and Capital Standards: a Revised Framework" (the **Framework**). The Framework is being implemented in stages (partly from year-end 2006 and the most advanced from year-end 2007). However, the Framework is not self-implementing and, accordingly, implementation dates in participating countries are dependant on the relevant national implementation process in those countries. As and when implemented, the Framework could affect risk-weighting of the Notes for investors who are subject to capital adequacy requirements that follow the Framework. Consequently, investors should consult their own advisers as to the consequences to and effect on them of the application of the Framework and any relevant implementing measures. Proposals and

guidelines for implementing the Framework in certain participating jurisdictions are still in development and no predictions can be made as to the precise effects of potential changes on any investor or otherwise.

### ***Tax Considerations***

#### *Withholding or deduction under the Notes*

In the event that a withholding or deduction for or on account of any taxes is imposed by law, or otherwise applicable, in respect of amounts payable under the Notes, neither the Issuer nor any Series Paying Agent nor any other entity is obliged to gross up or otherwise compensate Noteholders for the lesser amounts which the Noteholders will receive as a result of the imposition of such withholding or deduction. The imposition of such withholding or deduction would entitle a Series Portfolio Seller to require the Issuer to redeem the Notes in accordance with Condition 9(d) of the Notes (*Redemption for Tax reasons*) if the Issuer has sufficient funds available, thereby shortening the average lives of the Notes.

#### *United Kingdom Taxation Position of Parent*

Pursuant to the Finance Act 2005, regulations have been made to establish a permanent regime for the taxation of securitisation companies such as the Parent. For accounting periods beginning on or after 1 January 2007, companies to which these regulations apply are taxed broadly by reference to their "retained profit" rather than by reference to their accounts. It is expected and the Parent has been so advised that the Parent will fall within the permanent regime for securitisation companies, but if it does not (or subsequently does not) then profits or losses could arise in the Issuer which could have tax effects not contemplated in the cash flows for the transaction and as such adversely affect the tax treatment of the Parent and consequently payments of the Notes.

In these circumstances the Issuer may, subject to certain conditions, redeem the Notes (as described in Condition 9(d) (*Redemption for Tax reasons*) of the Notes).

#### *EU Savings Directive*

Under EC Council Directive 2003/48/EC on taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within each jurisdiction to an individual resident in that other Member State, except that, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of or in respect of tax were to be withheld from that payment, neither the Issuer, any Series Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Series Paying Agent, the Issuer will be required to maintain a Series Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

*The Issuer believes that the risks described above are the principal risks inherent in the transaction for the Noteholders of a Series, but the inability of the Borrowers to pay interest, principal or other amounts on the Loans and consequently the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes of a Series may occur for other reasons, and the Issuer does not represent that the above statements regarding the risk of holding the Notes of a Series are exhaustive. Although the Issuer believes that the various structural elements described in this Offering Circular lessen some of the risks for the Noteholders, there can be no assurance that these measures will be sufficient to ensure payment to the*

*Noteholders of interest, principal or any other amounts on or in connection with the Notes of a Series on a timely basis or at all.*

## **FUTURE AMENDMENTS TO OFFERING CIRCULAR**

Since the date of incorporation of the Issuer, the Issuer has not commenced operations and no financial statements have been prepared as at the date of this document.

Following the publication of this Offering Circular a supplement may be prepared by the Issuer and approved by the Financial Regulator in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of any Notes, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Notes.

## FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. Bearer Notes may be offered and sold outside the United States in reliance on the exemption from registration provided by Regulation S and Registered Notes may be offered and sold outside the United States in reliance on the exemption from registration provided by Regulation S and/or within the United States in reliance on Rule 144A under the Securities Act, as specified in the applicable Supplement.

### ***Bearer Notes***

Each Tranche of Bearer Notes will be initially issued in the form of a Temporary Global Note, which will:

- (a) if the Global Notes are intended to be issued in new global note (NGN) form, as stated in the applicable Supplement, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear and Clearstream, Luxembourg; and
- (b) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depository (the **Common Depository**) for Euroclear and Clearstream, Luxembourg.

Whilst any Bearer Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form provided in the relevant Series Agency Agreement (as defined in "*Terms and Conditions of the Notes*")) of non-U.S. beneficial ownership or certification to the effect that the holder purchased in a transaction that did not require registration under the Securities Act and to the effect that such holder is not a United States person, or is a United States person that purchased by or through certain United States financial institutions or is a financial institution purchasing for resale during the restricted period to persons other than United States persons or persons within the United States or its possessions as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg, and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Series Principal Paying Agent. All such payments will be distributed without deduction or withholding for any UK taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then neither the Issuer nor any other person will be obliged to pay additional amounts in respect thereof.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Global Note of the same Series or (b) for Bearer Definitive Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Supplement and subject, in the case of Bearer Definitive Notes, to such notice period as is specified in the applicable Supplement), in each case against certification of beneficial ownership as described above, unless such certification has already been given, provided that purchasers in the United States and most U.S. persons will not be able to receive Bearer Definitive Notes. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for Bearer Definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Notes is not intended to be issued in NGN form) without any requirement for certification. All such payments will be distributed without deduction or

withholding for any UK taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then neither the Issuer nor any other person will be obliged to pay additional amounts in respect thereof.

The applicable Supplement will specify that Book-Entry Interests in a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for Bearer Definitive Notes with, where applicable, interest coupons and talons attached (exclusively) upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Series Principal Paying Agent as described therein or (b) upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) a Series Event of Default (as defined in Condition 12 of the Notes) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg 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 and no successor clearing system is available, (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Definitive Global Note or (iv) the Notes are required to be removed from both Euroclear and Clearstream, Luxembourg and no alternative clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 19 of the Notes (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Series Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Series Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Series Principal Paying Agent.

The following legend will appear on all Bearer Notes which have an original maturity of more than 365 days and on all interest coupons relating to such Notes:

**"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."**

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

### ***Registered Notes***

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold outside the United States to non-U.S. persons that are not purchasing (or holding) the Registered Notes for the account or benefit of any U.S. person, will initially be represented by a Reg S Global Note. Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each such Tranche of Notes, beneficial interests in a Reg S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 of the Notes and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Reg S Global Note will bear a legend describing such restrictions on transfer (see "*Subscription and Sale and Transfer and Selling Restrictions – Transfer Restrictions*").

The Registered Notes of each Tranche offered and sold in reliance on Rule 144A, which may only be offered and sold in the United States or to U.S. persons in private transactions to "qualified institutional buyers"

within the meaning of Rule 144A (**QIBs**) who agree to purchase the Notes for their own account and not with a view to the distribution thereof, will be represented by a Rule 144A Global Note. Registered Global Notes will either (a) be deposited with a custodian for, and registered in the name of a nominee of, DTC or (b) be deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Supplement. Each 144A Global Note will bear a legend describing such restrictions on transfer (see "*Subscription and Sale and Transfer and Selling Restrictions – Transfer Restrictions*").

Persons with beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Registered Definitive Notes.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 8(d) of the Notes) as the registered holder of the Registered Global Notes. None of the Issuer, any Series Paying Agent or the Series Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of Book-Entry Interests in a Registered Global Note or for maintaining, supervising or reviewing any records relating to such interests. Payments of principal, interest or any other amount in respect of the Registered Definitive Notes 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 Condition 8(d) of the Notes) immediately preceding the due date for payment in the manner provided in that Condition. All such payments described in this paragraph will be distributed without deduction or withholding for any UK taxes, duties, assessments or other governmental charges of whatever nature, except as may be required by law. If any such deduction or withholding is required to be made, then neither the Issuer nor any other person will be obliged to pay additional amounts in respect thereof.

Book-Entry Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for Registered Definitive Notes without interest coupons or talons attached, only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (a) a Series Event of Default has occurred and is continuing, (b) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note to be exchanged for Registered Definitive Notes, (c) in the case of Global Notes registered in the name of a common nominee of Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg 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 and no successor clearing system is available, (d) in the case of Registered Global Notes registered in the name of a common nominee of DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depositary for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act or (e) the Notes are required to be removed from (in the case of Notes registered in the name of a common nominee of Euroclear and Clearstream, Luxembourg) both Euroclear and Clearstream, Luxembourg or (in the case of Notes registered in the name of a nominee for DTC) DTC and, in either case, no alternative clearing system is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 19 of the Notes (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Series Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (b) above, the Issuer may also give notice to the Series Registrar requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Series Registrar.

In the event that any Registered Global Note (or portion thereof) is redeemed, the Series Principal Paying Agent will deliver all amounts received by it in respect of the redemption of such Registered Global Note to the nominee of the common depositary for Euroclear and Clearstream, Luxembourg or to the nominee of DTC, as the case may be, and, upon final payment, surrender such Global Note (or portion thereof) to or to the order of the Series Principal Paying Agent for cancellation. Appropriate entries will be made on the Register. The redemption price payable in connection with the redemption of Book-Entry Interests in a



Registered Global Note will be equal to the amount received by the Series Principal Paying Agent in connection with the redemption of the Registered Global Note (or portion thereof) relating thereto. For any redemptions of a Registered Global Note in part, selection of the relevant Book-Entry Interest relating thereto to be redeemed will be made by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, on a pro rata basis (or on such basis as DTC, Euroclear or Clearstream, Luxembourg deems fair and appropriate). Upon any redemption in part, the Series Principal Paying Agent will mark down the schedule to such Registered Global Note by the principal amount so redeemed.

Cancellation of any Note represented by a Registered Global Note and required by the Conditions of the Notes to be cancelled following its redemption, will be effected by endorsement by or on behalf of the Series Principal Paying Agent of the reduction in the principal amount of the relevant Registered Global Note on the relevant schedule thereto and the corresponding entry on the Register.

### *Transfer of Interests*

Book-Entry Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note (if any) representing the Registered Notes of the relevant Tranche. No beneficial owner of a Book-Entry Interest will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case, to the extent applicable. Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see "*Subscription and Sale and Transfer and Selling Restrictions – Transfer Restrictions*".

A Book-Entry Interest in a Rule 144A Global Note of one class may be transferred to a person who takes delivery in the form of a Book-Entry Interest in the Reg S Global Note of the same class, whether before or after the expiration of the distribution compliance period applicable to the Notes of such Tranche, only upon receipt by the Issuer of a written certification from the transferor to the effect that such transfer is being made in accordance with Rule 903 or Rule 904 of Regulation S or Rule 144 under the Securities Act (if available). A Book-Entry Interest in a Reg S Global Note of one class may be transferred to a person who takes delivery in the form of a Book-Entry Interest in the Rule 144A Global Note of the same class only upon receipt by the Issuer of written certification from the transferor to the effect that such transfer is being made to a person whom the transferor reasonably believes is purchasing for its own account or for an account or accounts as to which it exercises sole investment discretion and that such person and such account or accounts is a "qualified institutional buyer" within the meaning of Rule 144A, in each case, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Any Book-Entry Interest in a Reg S Global Note of one class that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the Rule 144A Global Note of the same class will, upon transfer, cease to be represented by a Book-Entry Interest in such Reg S Global Note and will become represented by a Book-Entry Interest in such Rule 144A Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Book-Entry Interests in a Rule 144A Global Note for as long as it remains such a Book-Entry Interest. Any Book-Entry Interest in a Rule 144A Global Note of one class that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the Reg S Global Note of the same class will, upon transfer, cease to be represented by a Book-Entry Interest in such Rule 144A Global Note and will become represented by a Book-Entry Interest in such Reg S Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Book-Entry Interests in a Reg S Global Note as long as it remains such a Book-Entry Interest.

Although DTC, Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of Book-Entry Interests in a Registered Global Note among participants of DTC and participants of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the relevant Series Note Trustee, the Security Trustee or any of their respective agents will have any responsibility or

liability for the performance by DTC, Euroclear or Clearstream, Luxembourg or their respective participants of their respective obligations under the rules and procedures governing their operations.

### ***General***

Pursuant to the Series Agency Agreement, the Series Principal Paying Agent shall ensure that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code, an ISIN and/or, where applicable, a CUSIP and CINS number which are different from the common code and ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period applicable to the Notes of such Tranche. For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC or its nominee, each person (other than Euroclear or Clearstream, Luxembourg or DTC) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg or of DTC as the holder of a particular nominal amount of such Notes (in which regard, any certificate or other document issued by Euroclear or Clearstream, Luxembourg or DTC 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 its agents 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 and, in the case of DTC or its nominee, voting, giving consents or making requests, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer and its agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions Noteholder and holder of Notes and related expressions shall be construed accordingly. Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Supplement or as may otherwise be approved by the Issuer and the Series Principal Paying Agent.

No Noteholder shall be entitled to proceed directly against the Issuer unless the Series Note Trustee or, as the case may be, the Security Trustee, having become so bound to proceed, fails to do so within a reasonable period and the failure shall be continuing.

In addition, holders of Book-Entry Interests in a Registered Global Note credited to their accounts with DTC may require DTC to deliver Definitive Notes in registered form in exchange for their interest in such Global Note in accordance with DTC's standard operating procedures.

### ***Action in Respect of the Global Notes and the Book-Entry Interests***

Not later than 10 days after receipt by the common depository, the common service provider or the custodian, as applicable, of any notices in respect of the Global Notes or any notice of solicitation of consents or requests for a waiver or other action by the holder of the Global Notes, the common depository, the common service provider or the custodian, as applicable will deliver to Euroclear, Clearstream, Luxembourg and/or DTC, as applicable, a notice containing (a) such information as is contained in such notice, (b) a statement that at the close of business on a specified record date Euroclear, Clearstream, Luxembourg and/or DTC, as applicable, will be entitled to instruct the common depository, the common service provider or the custodian, as applicable as to the consent, waiver or other action, if any, pertaining to the Book-Entry Interests or the Global Notes and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear, Clearstream, Luxembourg and/or DTC, as applicable, the common depository, the common service provider or the custodian, as applicable shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Book-Entry Interests or the Global Notes in accordance with any instructions set forth in such request. The Issuer will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Book-Entry Interests or the Global Notes.

### ***Reports***

The Issuer will immediately send to Euroclear, Clearstream, Luxembourg and DTC a copy of any notices, reports and other communications received relating to the Issuer, the Global Notes or the Book-Entry Interests. In addition, notices regarding the Notes will be published in a leading newspaper having a general circulation in Dublin for so long as the Notes are admitted to and listed on the Irish Stock Exchange; provided that if, at any time, the Issuer procures that the information contained in such notice shall appear on a page of the Reuters Screen, the Bloomberg Screen, or any other medium for electronic display of data as may be previously approved in writing by the relevant Series Note Trustee, publication in any such leading newspaper shall not be required with respect to such information.

### **Applicable Supplement**

Set out below is the form of Supplement to be completed for each Series of Notes issued under the Programme.

**FORM OF SUPPLEMENT**

**Supplement dated [*date of Supplement*]**

**EUROMASTR PLC**  
*(Incorporated with limited liability in England and Wales with registered number 6135603)*

**MORTGAGE BACKED SECURITIES PROGRAMME**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**

This supplement (the **Supplement**) to the Offering Circular (the **Offering Circular**) dated [date of Offering Circular] which comprises a Base Prospectus constitutes a prospectus for the purposes of EU Directive 2003/71/EC (the **Prospectus Directive**) and is prepared in connection with the Mortgage Backed Securities Programme (the **Programme**) established by EuroMASTR PLC (the **Issuer**).

This Supplement is supplemental to, and should be read in conjunction with, the Offering Circular [and the supplement[s] dated [date of relevant Supplement] and [date of relevant Supplement] to the Offering Circular] and relating to the Series Portfolio described herein. Unless the context otherwise requires, terms defined in the Offering Circular shall have the same meaning when used in this Supplement. Certain Series specific capitalised terms used in this Supplement have the meaning set out in the Series Glossary at the back of this Supplement.

To the extent there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Offering Circular by this Supplement and (b) any other statement in or incorporated in the Offering Circular, the statements in this Supplement will prevail.

This Supplement has been prepared for the purpose of giving information about the issue of [insert title of issue] (the **Notes**) by the Issuer.

Application has been made to the Financial Regulator for this Supplement to be approved. Application has been made to the Irish Stock Exchange Limited (the **Irish Stock Exchange**) for Notes issued under the Programme during the period of 12 months from the date of the Offering Circular to be admitted to the Official List of the Irish Stock Exchange and trading on its regulated market.

**An investment in the Notes involves certain risks. For a discussion of these risks see "Risk Factors" in the Offering Circular and "Risk Factors" in this Supplement.**

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Issuer (which it has taken reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Neither the Programme Arranger, the Dealers in respect of the Series, nor the Series Note Trustee nor the Security Trustee have 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 the Programme Arranger, the Dealers in respect of the Series, any Series Note Trustee or the Security Trustee as to the accuracy or completeness of the information contained in this Supplement or any other information provided by the Issuer in connection with the Programme. Neither the Programme Arranger, the Dealers in respect of the Series, nor the Series Note Trustee, nor the Security Trustee accepts any liability in relation to the information contained in this Supplement or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by the Issuer, the Programme Arranger, any of the Dealers in respect of the Series, the Series Note Trustee or the Security Trustee to give any information or to make any representation not contained in or not consistent with this Supplement 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 Programme Arranger, any of the Dealers in respect of the Series, the Series Note Trustee or the Security Trustee.

Neither this Supplement 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 by the Issuer, the Series Portfolio Seller, the Programme Arranger, any of the Dealers in respect of the Series, the Series Note Trustee or the Security Trustee that any recipient of this Supplement 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. Neither this Supplement 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, the Series Portfolio Seller, the Programme Arranger, any of the Dealers in respect of the Series, the Series Note Trustee or the Security Trustee to any person to subscribe for or to purchase any Notes.

This Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Supplement in any jurisdiction where such action is required.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), and may not be offered or sold, directly or indirectly, in the United States or to, or for the benefit of, U.S. persons unless such securities are registered under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes may be offered and sold outside the United States to non-U.S. persons pursuant to the requirements of Regulation S under the Securities Act [or within the United States in reliance on Rule 144A under the Securities Act (**Rule 144A**) to qualified institutional buyer as defined therein (**Qualified Institutional Buyer**)].

*[Insert the following paragraph if the Supplement indicates that the Notes are intended to be held in a manner that would allow Eurosystem eligibility.]* [The Notes are intended to be held in a manner which will allow Eurosystem eligibility. This simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as Common Safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.]

#### **DESCRIPTION OF SERIES NOTES**

*[Capital structure to be inserted.]*

#### **DESCRIPTION OF SERIES MERCS**

The description of Series MERCs is provided for information purposes only. This Supplement does not constitute an offer or solicitation by the Issuer in respect of the Series MERCs.

*[Capital structure to be inserted.]*

#### **DESCRIPTION OF SERIES RESIDUALS**

The description of Series Residuals is provided for information purposes only. This Supplement does not constitute an offer or solicitation by the Issuer in respect of the Series Residuals.

*[Capital structure to be inserted.]*

#### **SERIES DOCUMENTS AND SERIES CREDIT STRUCTURE**

**[Series Assets]**

*[Description to be inserted including differences between Series Sub-Portfolios if applicable]*

**[Series Originator/s]**

*[Description of the Series Originator/s.]*

**[Series Administrator/s]**

*[Description of the Series Administrator/s.]*

**[Series Mortgage Servicer/s]**

*[Description of the Series Mortgage Servicer/s.]*

**[Series Mortgage Special Servicer/s]**

*[Description of the Series Mortgage Special Servicer/s if applicable.]*

**[Series Standby Mortgage Servicer/s]**

*[Description of the Series Standby Mortgage Servicer/s if applicable.]*

**[Series Liquidity Facility Provider]**

*[Insert description if applicable. For each liquidity facility provider who is liable or contingently liable to provide 10% - 19% of the cashflows of the securities, provide selected financial data for the last five fiscal years unless otherwise provided for the relevant entity in the Offering Circular. For each liquidity facility provider who is liable or contingently liable to provide 20% or more of the cashflows of the securities, provide full audited financial statements for the last three fiscal years.]*

**[Series Hedge Providers]**

*[Insert description of each Series Hedge Provider (unless otherwise described in the Offering Circular) and each Series Hedge Agreement. If the Series Hedge Provider will provide credit enhancement, if such Series Hedge Provider is liable or contingently liable to provide 10% - 19% of the cashflows of the securities, provide selected financial data for the last five fiscal years unless otherwise provided for the relevant entity in the Offering Circular. If the Series Hedge Provider will provide credit enhancement, if such Series Hedge Provider is liable or contingently liable to provide 20% or more of the cashflows of the securities, provide full audited financial statements for the last three fiscal years. If the Series Hedge Provider will not provide credit enhancement, if such Series Hedge Provider's aggregate significance percentage is 10% - 19%, provide selected financial data for the last five fiscal years. If the Series Hedge Provider will not provide credit enhancement, if such Series Hedge Provider's aggregate significance percentage is 20% or more, provide full audited financial statements for the last three fiscal years.]*

**[Series Credit Support Providers]**

*[Description to be inserted, if applicable.]*

**[Reserves]**

*[Indicate applicable reserve.]*

**[Overcollateralisation]**

*[Describe the extent to which transaction is overcollateralised, as a percentage comparing the principal balance of the Series Notes to the Series Portfolio.]*

**[Insert any other topics of credit structure]**

*[Description to be inserted.]*

### **Series Priorities of Payments**

*[Note: Identify applicable Series Permitted Withdrawals and provide any amended definition of Revenue Receipts and Principal Receipts.]*

#### ***Series Pre-Enforcement, Pre-Acceleration Revenue Priority of Payments***

On each Distribution Date prior to the service of a Series Enforcement Notice or a Series Acceleration Notice in respect of the Series, Revenue Receipts standing to the credit of the Series Transaction Account will be applied by or on behalf of the Issuer in making the following payments and provisions (the **Series Pre-Enforcement, Pre-Acceleration Revenue Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

*[Payments and provisions to be inserted.]*

#### ***Series Post-Enforcement, Pre-Acceleration Revenue Priority of Payments***

On each Distribution Date following the service of a Series Enforcement Notice but prior to the service of a Series Acceleration Notice in respect of the Series, Revenue Receipts standing to the credit of the Series Transaction Account will be applied by or on behalf of the Issuer in making the following payments and provisions (the **Series Post-Enforcement, Pre-Acceleration Revenue Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

*[Payments and provisions to be inserted.]*

#### ***Series Pre-Acceleration Principal Priority of Payments***

On each Distribution Date prior to the service of a Series Acceleration Notice in respect of the Series, Principal Receipts standing to the credit of the Series Transaction Account will be applied by or on behalf of the Issuer in making the following payments and provisions (the **Series Pre-Acceleration Principal Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

*[Payments and provisions to be inserted. Describe mandatory redemption in part.]*

#### ***Series Post-Acceleration Priority of Payments***

Following service of a Series Acceleration Notice in respect of the Series, all moneys received or recovered by the Security Trustee (or a receiver appointed on its behalf) in respect of such Series under the Security Deed will be applied following the enforcement of the Security in the following order of priority (the **Post-Enforcement Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

*[Payments and provisions to be inserted.]*

#### **[Additional Series Events of Default in respect of Series]**

*[List, if applicable.]*



## **SERIES FEES AND EXPENSES**

*[To the extent material, provide aggregated fees and corporate expenses. Itemize servicing fees and underwriting fees. Identify the source of fees (e.g., specific account) and how they will be paid (e.g., quarterly, up-front).]*

## **RISK FACTORS**

*[The risks associated with an investment in the Notes described in this Supplement are, subject to the additional risks (if any) described in this section, the same as those set out in the Offering Circular. For a discussion of these risks see “Risk Factors” in the Offering Circular which are incorporated by reference into this Supplement.]*

## **SERIES PORTFOLIO**

*[Insert description which may include composition, key characteristics, additional or amended lending criteria and representations and warranties (such as final maturity date and amendments in respect of on-sales and second ranking mortgages). Identify cut-off date for establishing the composition of each Series Sub-Portfolio (if applicable) and the Series Portfolio. Describe interest calculation and number of loans that are LIBOR, Bank Rate, SVR, etc. Provide information regarding any other originators or second ranking mortgages being sold to the Issuer. Provide summaries and tables representing characteristics of the Series Portfolio, including distribution of loans by (i) original loan-to-value ratio, (ii) original and current principal balance, (iii) months to maturity, (iv) repayment methods, (v) seasoning (months), (vi) method of income verification, (vii) income multiple, (viii) loan purpose, (ix) property type, (x) region, (xi) CCJ's by original loan-to-value ratio, (xii) product type, (xiii) original LTV by tenure, (xiv) borrower employment type, (xv) arrears multiplier, (xvi) rate type and (xvii) tenure. In addition, provide summaries and tables representing the following characteristics of each Series Sub-Portfolio and the Series Portfolio: (i) Prefunded Loan Amounts, (ii) Prefunded Loan Amounts as a percentage of the Notes, (iii) Prefunded Loan Amounts as a percentage of the pool, (iv) Prefunding period, (v) Non-Conforming Loans subject to repossessions, (vi) retention moneys, (vii) Investment Loans, (viii) non-owner occupied Properties, (ix) capitalised and uncapitalised accrued interest, (x) amortization period and (xi) other material concentrations of the Loans. Also include geographical profile of each Series Sub-Portfolio and the Series Portfolio. Include details of income multiples. For material characteristics of mortgage pool, provide introductory/explanatory information on each material characteristic, the methodology used to calculate the characteristic and any terms/abbreviations. Describe any risk factors which might vary according to the relevant Series Sub-Portfolio, if applicable.]*

*[Note: All statistical information should be presented in appropriate distributional groups or incremental ranges; include overall pool totals, averages and weighted averages; each group/range should be presented by material variables (e.g., average balance, weighted average coupon, average age and remaining term, average loan-to-value ratio and weighted average standardized credit score or other applicable measure of obligor credit quality); and provide minimums and maximums for averages on an aggregate basis and within each group/range. Calculations of overall pool balances should disregard funds set aside for prefunding account.]*

## **CHARACTERISTICS OF SERIES PORTFOLIO**

*[Tables to be inserted including breakdown for Series Sub-Portfolios if applicable.]*

## **[SERIES PORTFOLIO PURCHASE AGREEMENT]**

*[If applicable, insert description of additional or amended Transfer Conditions, Warranties or any other relevant terms of the Series Portfolio Purchase Agreement.]*

*[To the extent that there are multiple Series Originators, describe the Lending Criteria applicable to each Series Originator and the proportion of Loans in each relevant Series Sub-Portfolio originated (or acquired) by each Series Originator.]*

*[To the extent that there will be multiple Series Administrators for the Series, describe the servicing structure and the roles and responsibilities of each Series Administrator (including the Series Sub-Portfolio to which the administration relates).]*

*[To the extent that there will be multiple Series Mortgage Special Servicers for the Series, describe the roles and responsibilities of each Series Mortgage Special Servicer (including the Series Sub-Portfolio to which the Series Mortgage Special Servicing relates).]*

*[To the extent that there will be multiple Series Mortgage Servicers, Series Mortgage Special Servicers and Series Standby Mortgage Servicers, describe the roles and responsibilities of each, including the Series Sub-Portfolio to which such roles relate.]*

*[For each servicer, identify the servicer's experience in and procedures for servicing mortgages. Describe, to the extent material, the size, composition and growth of the servicer's portfolio. Discuss factors material to analysing the servicing of its portfolio. Describe, to the extent material, any changes to servicing procedures during the past three years. Disclose the servicer's financial condition to the extent that it may materially affect servicing or impact portfolio performance.]*

*[Identify each servicer that services 10% or more of the portfolio. If the servicer services 20% or more of the portfolio, provide the same information as required for servicers described above.]*

*[Identify any other material servicers responsible for servicing the securities/mortgages. Provide the same information as required for servicers above.]*

## **WEIGHTED AVERAGE LIVES OF THE NOTES**

*[Description to be inserted.]*

## **GENERAL INFORMATION**

1. It is expected that each Tranche of Notes which is to be admitted to the Official List of the Irish Stock Exchange will be admitted separately as and when issued, subject only to the issue of a Global Note initially representing the Notes of such Tranche. The listing of the Programme in respect of the Notes was granted on *[date of listing]*.
2. The issue of the Notes was authorised by a resolution of the Board of Directors of the Issuer dated *[date of Board resolution]*.
3. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had during the previous 12 months a significant effect on the financial position or profitability of the Issuer.
4. Save as disclosed in this Supplement, there has been no material adverse change in the financial position or prospects of the Issuer since *[the date of its incorporation/the date of its last published audited financial statements/ the date of the Offering Circular]*.
5. The Notes have been accepted for clearance through *[Euroclear and Clearstream, Luxembourg/DTC]* under Common Code *[Common Code number]/CUSIP *[CUSIP number]**.
6. *[The Bearer Notes will be in NGN form and held by *[Euroclear/Clearstream]* as Common Safekeeper.]*
7. The Issuer *[intends/does not intend]* to provide post-issuance transaction information.

8. From the date hereof and for so long as the Notes are outstanding, copies of the following documents will, when published, be available from the specified offices of the Series Paying Agents for the time being in London and in Dublin:
- (a) this Supplement;
  - (b) the Series [*Series number*] Administration Agreement (incorporating the Administration Terms);
  - (c) the Series [*Series number*] Agency Agreement (incorporating the Agency Terms);
  - (d) the Series [*Series number*] Bank Account Agreement (incorporating the Bank Account Terms);
  - (e) the Series [*Series number*] Cash Management Agreement (incorporating the Cash Management Terms);
  - (f) the Series [*Series number*] Credit Support Agreements (if applicable);
  - (g) the Series [*Series number*] Guaranteed Investment Contract;
  - (h) the Series [*Series number*] Hedge Agreements;
  - (i) the Series [*Series number*] Intercreditor Deed Supplement;
  - (j) the Series [*Series number*] Liquidity Facility Agreement (if applicable);
  - (k) the Series [*Series number*] Mortgage Servicing Agreement (incorporating the Mortgage Servicing Terms);
  - (l) the Series [*Series number*] Series Mortgage Special Servicing Agreement (incorporating the Mortgage Special Servicing Terms) (if applicable);
  - (m) the Series [*Series number*] Portfolio Purchase Agreement (incorporating the Portfolio Purchase Terms);
  - (n) the Series [*Series number*] Post-Enforcement Call Option Agreement;
  - (o) the Series [*Series number*] Scottish Declaration of Trust (if applicable);
  - (p) the Series [*Series number*] Supplemental Scottish Declaration of Trust (if applicable);
  - (q) the Series [*Series number*] Scottish Supplemental Charge (if applicable);
  - (r) the Series [*Series number*] Standby Mortgage Servicing Agreement (incorporating the Standby Mortgage Servicing Terms) (if applicable);
  - (s) the Series [*Series number*] Subscription Agreement;
  - (t) the Series [*Series number*] Trust Deed (incorporating the Trust Deed Terms); [and]
  - (u) the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons (as applicable); [and
  - (v) *any other documents*].

**ANNEX 1**  
**STATIC POOL INFORMATION**

[Note: Required only if 144A deal.]

**DELINQUENCY**

[Describe key terms, policies and any material information related to delinquencies.]

*Series of previous notes issued under EuroMASTR PLC*

	<b>As at</b>	
	<b>31 Dec [vintage origination year]</b>	<i>[Provide data for each vintage origination year within the required time period.]</i>
1 month delinquent	<b>Four columns:</b>	
	Number of delinquent mortgages in the pool	
1 – 2 months delinquent	Balance of delinquent mortgages in the pool	
	Column A / aggregate number of mortgages	
2 – 3 months delinquent	Column B / aggregate balance of mortgages	

*[continue through to the point at which charged off]*

*[Provide data for each prior securitised pool.]*

**CUMULATIVE LOSS**

[Describe key terms, policies and any material information related to cumulative losses.]

*Series of previous notes issued under EuroMASTR PLC*

	<b>For the year ending</b>	
	<b>31 Dec [vintage origination year]</b>	<i>[Provide data for each vintage origination year within the required time period.]</i>
Charge-offs	<b>Four columns:</b>	
	Number of mortgages in pool at any	

point during [year] that were charged off

Balance of mortgages in the pool at any point during [year] that were charged off

Column A / weighted average of (month-end) aggregate number of mortgages

Column B / weighted average of (month-end) aggregate balance of mortgages

Mortgages experiencing a loss

**Four columns:**

Number of mortgages in the pool at any point during [year] experiencing a loss

Balance of mortgages in the pool at any point during [year] experiencing a loss

Column A / weighted average of (month-end) aggregate number of mortgages

Column B / weighted average of (month-end) aggregate balance of mortgages

Cumulative loss

**Four columns:**

Cumulative loss on mortgages in the pool at any point during [year]

Column A / weighted average of (month-end) aggregate balance of mortgages

*[Provide data for each prior securitised pool.]*

## **PREPAYMENT**

*[Describe key terms, policies and any material information related to prepayments.]*

*Series of previous notes issued under EuroMASTR PLC*

**For the year ending**

**31 Dec [vintage origination year]**

*[Provide data for each vintage origination year within the required time period.]*

Prepayment rate

Prepaid principal of mortgages in the pool at any point during [year] /

weighted average of (month-end)  
aggregate balance of mortgages

*[Provide data for each prior securitised pool.]*

Set out below is the form of terms for each Tranche of Notes which will contain such of the following information (which may be modified in relation to any particular issue of Notes by agreement between the Issuer and the Relevant Dealers) as is applicable in respect of such Notes.

**PART A: CONTRACTUAL TERMS**

Class of Notes:	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]
1. Issuer:	EuroMASTR PLC	EuroMASTR PLC	EuroMASTR PLC	EuroMASTR PLC	EuroMASTR PLC	EuroMASTR PLC	●	●
2. (a) Series:	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
(b) Tranche:	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
	<i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i>	<i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i>	<i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i>	<i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i>	<i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i>	<i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i>	<i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i>	<i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)</i>
3. Ratings (Standard and Poor's)/(Moody's)/(Fitch):	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
4. Specified Currency or Currencies:	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
5. Aggregate Nominal Amount:	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]

Class of Notes:	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]
6. (a) Issue Price :	[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]	[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]	[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]	[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]	[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]	[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]	[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]	[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
(b) Net Proceeds:	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
7. Specified Denominations:	[ ] less any portion of principal redeemed pursuant to Condition 9  <i>(NB: the minimum denomination of each Note is €50,000 or such higher amount as is required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency)</i>	[ ] less any portion of principal redeemed pursuant to Condition 9  <i>(NB: the minimum denomination of each Note is €50,000 or such higher amount as is required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency)</i>	[ ] less any portion of principal redeemed pursuant to Condition 9  <i>(NB: the minimum denomination of each Note is €50,000 or such higher amount as is required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency)</i>	[ ] less any portion of principal redeemed pursuant to Condition 9  <i>(NB: the minimum denomination of each Note is €50,000 or such higher amount as is required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency)</i>	[ ] less any portion of principal redeemed pursuant to Condition 9  <i>(NB: the minimum denomination of each Note is €50,000 or such higher amount as is required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency)</i>	[ ] less any portion of principal redeemed pursuant to Condition 9  <i>(NB: the minimum denomination of each Note is €50,000 or such higher amount as is required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency)</i>	[ ] less any portion of principal redeemed pursuant to Condition 9  <i>(NB: the minimum denomination of each Note is €50,000 or such higher amount as is required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency)</i>	[ ] less any portion of principal redeemed pursuant to Condition 9  <i>(NB: the minimum denomination of each Note is €50,000 or such higher amount as is required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency)</i>



Class of Notes:	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]
8. (a) Issue Date:	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
(b) Interest Commencement Date:	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
(c) Initial Distribution Date	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
9. Final Maturity Date:	<i>[Specify date or (for Floating Rate Notes) Distribution Date falling in or nearest to the relevant month and year]</i>	<i>[Specify date or (for Floating Rate Notes) Distribution Date falling in or nearest to the relevant month and year]</i>	<i>[Specify date or (for Floating Rate Notes) Distribution Date falling in or nearest to the relevant month and year]</i>	<i>[Specify date or (for Floating Rate Notes) Distribution Date falling in or nearest to the relevant month and year]</i>	<i>[Specify date or (for Floating Rate Notes) Distribution Date falling in or nearest to the relevant month and year]</i>	<i>[Specify date or (for Floating Rate Notes) Distribution Date falling in or nearest to the relevant month and year]</i>	<i>[Specify date or (for Floating Rate Notes) Distribution Date falling in or nearest to the relevant month and year]</i>	<i>[Specify date or (for Floating Rate Notes) Distribution Date falling in or nearest to the relevant month and year]</i>
10. Redemption/Payment Basis:	[Redemption at par]  [Other (specify)]	[Redemption at par]  [Other (specify)]	[Redemption at par]  [Other (specify)]	[Redemption at par]  [Other (specify)]	[Redemption at par]  [Other (specify)]	[Redemption at par]  [Other (specify)]	[Redemption at par]  [Other (specify)]	[Redemption at par]  [Other (specify)]
11. Deferral of Interest:	[give details]	[give details]	[give details]	[give details]	[give details]	[give details]	[give details]	[give details]
12. Change of Interest Basis or Redemption/	<i>[Specify details of any provision for convertibility of Notes into another</i>	<i>[Specify details of any provision for convertibility of Notes into another</i>	<i>[Specify details of any provision for convertibility of Notes into another</i>	<i>[Specify details of any provision for convertibility of Notes into another</i>	<i>[Specify details of any provision for convertibility of Notes into another</i>	<i>[Specify details of any provision for convertibility of Notes into another</i>	<i>[Specify details of any provision for convertibility of Notes into another</i>	<i>[Specify details of any provision for convertibility of Notes into another</i>

Class of Notes:	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]
Payment Basis:	<i>Interest Basis or Redemption/Payment Basis]</i>	<i>Interest Basis or Redemption/Payment Basis]</i>	<i>Interest Basis or Redemption/Payment Basis]</i>	<i>Interest Basis or Redemption/Payment Basis]</i>	<i>Interest Basis or Redemption/Payment Basis]</i>	<i>Interest Basis or Redemption/Payment Basis]</i>	<i>Interest Basis or Redemption/Payment Basis]</i>	<i>Interest Basis or Redemption/Payment Basis]</i>
13. Yield	[ ], Calculated as [explain].] [Fixed Rate Notes only] Not Applicable [Other Notes]	[ ], Calculated as [explain].] [Fixed Rate Notes only] Not Applicable [Other Notes]	[ ], Calculated as [explain].] [Fixed Rate Notes only] Not Applicable [Other Notes]	[ ], Calculated as [explain].] [Fixed Rate Notes only] Not Applicable [Other Notes]	[ ], Calculated as [explain].] [Fixed Rate Notes only] Not Applicable [Other Notes]	[ ], Calculated as [explain].] [Fixed Rate Notes only] Not Applicable [Other Notes]	[ ], Calculated as [explain].] [Fixed Rate Notes only] Not Applicable [Other Notes]	[ ], Calculated as [explain].] [Fixed Rate Notes only] Not Applicable [Other Notes]
	<i>(N.B. If the Final Redemption Amount is other than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)</i>	<i>(N.B. If the Final Redemption Amount is other than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)</i>	<i>(N.B. If the Final Redemption Amount is other than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)</i>	<i>(N.B. If the Final Redemption Amount is other than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)</i>	<i>(N.B. If the Final Redemption Amount is other than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)</i>	<i>(N.B. If the Final Redemption Amount is other than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)</i>	<i>(N.B. If the Final Redemption Amount is other than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)</i>	<i>(N.B. If the Final Redemption Amount is other than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)</i>
14. (a) Listing:	[Ireland/other (specify)/None]	[Ireland/other (specify)/None]	[Ireland/other (specify)/None]	[Ireland/other (specify)/None]	[Ireland/other (specify)/None]	[Ireland/other (specify)/None]	[Ireland/other (specify)/None]	[Ireland/other (specify)/None]

Class of Notes:	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]
(b) Admission to trading:	It is expected that the listing of the Notes on the official list of the [ ] Stock Exchange will be granted on or about [ ] .							
(c) Estimate of total expenses related to listing:	The estimated cost of the application to the Official List and admission to trading on the [ ] Stock Exchange's regulated market for listed securities is £[ ] .							
15. Method of distribution:	[Syndicated/Non-syndicated]	[Syndicated/Non-syndicated]	[Syndicated/Non-syndicated]	[Syndicated/Non-syndicated]	[Syndicated/Non-syndicated]	[Syndicated/Non-syndicated]	[Syndicated/Non-syndicated]	[Syndicated/Non-syndicated]
<b>PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE</b>								
1. Fixed Rate Note Provisions:	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]
	<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>	<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>	<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>	<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>	<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>	<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>	<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>	<i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
(a) Rate(s) of Interest:	[ ] per cent. per annum [payable [annually/ semi-annually/quarterly/ monthly] in arrear] [If payable other than annually, consider amending	[ ] per cent. per annum [payable [annually/ semi-annually/quarterly/ monthly] in arrear] [If payable other than annually, consider amending	[ ] per cent. per annum [payable [annually/ semi-annually/quarterly/ monthly] in arrear] [If payable other than annually, consider amending	[ ] per cent. per annum [payable [annually/ semi-annually/quarterly/ monthly] in arrear] [If payable other than annually, consider amending	[ ] per cent. per annum [payable [annually/ semi-annually/quarterly/ monthly] in arrear] [If payable other than annually, consider amending	[ ] per cent. per annum [payable [annually/ semi-annually/quarterly/ monthly] in arrear] [If payable other than annually, consider amending	[ ] per cent. per annum [payable [annually/ semi-annually/quarterly/ monthly] in arrear] [If payable other than annually, consider amending	[ ] per cent. per annum [payable [annually/ semi-annually/quarterly/ monthly] in arrear] [If payable other than annually, consider amending

Class of Notes:	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]
	<i>Condition 6 (Interest))]</i>	<i>Condition 6 (Interest))]</i>	<i>Condition 6 (Interest))]</i>	<i>Condition 6 (Interest))]</i>	<i>Condition 6 (Interest))]</i>	<i>Condition 6 (Interest))]</i>	<i>Condition 6 (Interest))]</i>	<i>Condition 6 (Interest))]</i>
(b) Distribution Date(s)	[On each Distribution Date]/[ ] in each year up to and including the [Final Maturity Date]/[specify other] [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted]	[On each Distribution Date]/[ ] in each year up to and including the [Final Maturity Date]/[specify other] [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted]	[On each Distribution Date]/[ ] in each year up to and including the [Final Maturity Date]/[specify other] [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted]	[On each Distribution Date]/[ ] in each year up to and including the [Final Maturity Date]/[specify other] [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted]	[On each Distribution Date]/[ ] in each year up to and including the [Final Maturity Date]/[specify other] [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted]	[On each Distribution Date]/[ ] in each year up to and including the [Final Maturity Date]/[specify other] [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted]	[On each Distribution Date]/[ ] in each year up to and including the [Final Maturity Date]/[specify other] [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted]	[On each Distribution Date]/[ ] in each year up to and including the [Final Maturity Date]/[specify other] [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted]
(c) Fixed Coupon Amount(s)	[ ] per [ ] in nominal amount	[ ] per [ ] in nominal amount	[ ] per [ ] in nominal amount	[ ] per [ ] in nominal amount	[ ] per [ ] in nominal amount	[ ] per [ ] in nominal amount	[ ] per [ ] in nominal amount	[ ] per [ ] in nominal amount
(d) Broken Amount(s)	[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon	[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon	[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon	[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon	[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon	[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon	[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon	[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon

Class of Notes:	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]
	Amount]	Amount]	Amount]	Amount]	Amount]	Amount]	Amount]	Amount]
(e) Day Count Fraction:	Euro Notes: [30/360 / Actual/Actual (ICMA) / specify other]	Euro Notes: [30/360 / Actual/Actual (ICMA) / specify other]	Euro Notes: [30/360 / Actual/Actual (ICMA) / specify other]	Euro Notes: [30/360 / Actual/Actual (ICMA) / specify other]	Euro Notes: [30/360 / Actual/Actual (ICMA) / specify other]	Euro Notes: [30/360 / Actual/Actual (ICMA) / specify other]	Euro Notes: [30/360 / Actual/Actual / (ICMA) / specify other]	Euro Notes: [30/360 / Actual/Actual / (ICMA) / specify other]
	Sterling Notes: [30/360 / Actual/Actual (ICMA) / specify other]	Sterling Notes: [30/360 / Actual/Actual (ICMA) / specify other]	Sterling Notes: [30/360 / Actual/Actual (ICMA) / specify other]	Sterling Notes: [30/360 / Actual/Actual (ICMA) / specify other]	Sterling Notes: [30/360 / Actual/Actual (ICMA) / specify other]	Sterling Notes: [30/360 / Actual/Actual (ICMA) / specify other]	Sterling Notes: [30/360 / Actual/Actual / (ICMA) / specify other]	Sterling Notes: [30/360 / Actual/Actual / (ICMA) / specify other]
	U.S. Dollar Notes: [30/360 / Actual/Actual (ICMA) / specify other]	U.S. Dollar Notes: [30/360 / Actual/Actual (ICMA) / specify other]	U.S. Dollar Notes: [30/360 / Actual/Actual (ICMA) / specify other]	U.S. Dollar Notes: [30/360 / Actual/Actual (ICMA) / specify other]	U.S. Dollar Notes: [30/360 / Actual/Actual (ICMA) / specify other]	U.S. Dollar Notes: [30/360 / Actual/Actual (ICMA) / specify other]	U.S. Dollar Notes: [30/360 / Actual/Actual / (ICMA) / specify other]	U.S. Dollar Notes: [30/360 / Actual/Actual / (ICMA) / specify other]
(f) Determination Date(s):	[ ] in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)	[ ] in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)	[ ] in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)	[ ] in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)	[ ] in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)	[ ] in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)	{ ] in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)	[ ] in each year (insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)
	(NB: Only relevant where Day Count Fraction is Actual/Actual	(NB: Only relevant where Day Count Fraction is Actual/Actual	(NB: Only relevant where Day Count Fraction is Actual/Actual	(NB: Only relevant where Day Count Fraction is Actual/Actual	(NB: Only relevant where Day Count Fraction is Actual/Actual	(NB: Only relevant where Day Count Fraction is Actual/Actual	(NB: Only relevant where Day Count Fraction is Actual/Actual	(NB: Only relevant where Day Count Fraction is Actual/Actual

Class of Notes:	Class [ ] (ICMA))	Class [ ] (ICMA))	Class [ ] (ICMA))	Class [ ] (ICMA))	Class [ ] (ICMA))	Class [ ] (ICMA))	Class [ ] (ICMA))	Class [ ] (ICMA))
(g) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/give details]	[Not Applicable/give details]	[Not Applicable/give details]	[Not Applicable/give details]	[Not Applicable/give details]	[Not Applicable/give details]	[Not Applicable/give details]	[Not Applicable/give details]
2. Floating Rate Note Provisions:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
(a) Specified Distribution Dates:	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
(b) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business	[Floating Rate Convention/Following Business Day Convention/Modified Following Business	[Floating Rate Convention/Following Business Day Convention/Modified Following Business	[Floating Rate Convention/Following Business Day Convention/Modified Following Business	[Floating Rate Convention/Following Business Day Convention/Modified Following Business	[Floating Rate Convention/Following Business Day Convention/Modified Following Business	[Floating Rate Convention/Following Business Day Convention/Modified Following Business	[Floating Rate Convention/Following Business Day Convention/Modified Following Business

Class of Notes:	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]
	Day Convention/ Preceding Business Day Convention/ [specify other]]	Day Convention/ Preceding Business Day Convention/ [specify other]]	Day Convention/ Preceding Business Day Convention/ [specify other]]	Day Convention/ Preceding Business Day Convention/ [specify other]]	Day Convention/ Preceding Business Day Convention/ [specify other]]	Day Convention/ Preceding Business Day Convention/ [specify other]]	Day Convention/ Preceding Business Day Convention/ [specify other]]	Business Day Convention/ Preceding Business Day Convention/ [specify other]]
(c) Business Centre(s):	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
(d) Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISD A Determination/ [specify other]]	[Screen Rate Determination/ISD A Determination/ [specify other]]	[Screen Rate Determination/ISD A Determination/ [specify other]]	[Screen Rate Determination/ISD A Determination/ [specify other]]	[Screen Rate Determination/ISD A Determination/ [specify other]]	[Screen Rate Determination/ISD A Determination/ [specify other]]	[Screen Rate Determination/ISD A Determination/ [specify other]]	[Screen Rate Determination/ISD A Determination/ [specify other]]
(e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Series	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]

Class of Notes:	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]
Agent Bank):								
(f) Screen Rate Determination:	[ ] (LIBOR/EURIBO R/USD LIBOR or other)	[ ] (LIBOR/EURIBO R/USD LIBOR or other)	[ ] (LIBOR/EURIBO R/USD LIBOR or other)	[ ] (LIBOR/EURIBO R/USD LIBOR or other)	[ ] (LIBOR/EURIBO R/USD LIBOR or other)	[ ] (LIBOR/EURIBO R/USD LIBOR or other)	[ ] (LIBOR/EURIBO R/USD LIBOR or other)	[ ] (LIBOR/EURIBO R/USD LIBOR or other)
- Reference Rate:	<i>(additional information is required if other – including amendment to fallback provisions in the Series Agency Agreement)</i>	<i>(additional information is required if other – including amendment to fallback provisions in the Series Agency Agreement)</i>	<i>(additional information is required if other – including amendment to fallback provisions in the Series Agency Agreement)</i>	<i>(additional information is required if other – including amendment to fallback provisions in the Series Agency Agreement)</i>	<i>(additional information is required if other – including amendment to fallback provisions in the Series Agency Agreement)</i>	<i>(additional information is required if other – including amendment to fallback provisions in the Series Agency Agreement)</i>	<i>(additional information is required if other – including amendment to fallback provisions in the Series Agency Agreement)</i>	<i>(additional information is required if other – including amendment to fallback provisions in the Series Agency Agreement)</i>
- Interest Determination Date(s):	[ ] <i>(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on</i>	[ ] <i>(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on</i>	[ ] <i>(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on</i>	[ ] <i>(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on</i>	[ ] <i>(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on</i>	[ ] <i>(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on</i>	[ ] <i>(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on</i>	[ ] <i>(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on</i>



Class of Notes:	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]
	<i>which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)</i>	<i>which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)</i>	<i>which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)</i>	<i>which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)</i>	<i>which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)</i>	<i>which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)</i>	<i>which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)</i>	<i>which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)</i>

- Relevant Screen Page:	[Reuters LIBOR01/EURIBOR01/other] (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)	[Reuters LIBOR01/EURIBOR01/other] (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)	[Reuters LIBOR01/EURIBOR01/other] (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)	[Reuters LIBOR01/EURIBOR01/other] (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)	[Reuters LIBOR01/EURIBOR01/other] (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)	[Reuters LIBOR01/EURIBOR01/other] (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)	[Reuters LIBOR01/EURIBOR01/other] (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)	[Reuters LIBOR01/EURIBOR01/other] (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
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(g) ISDA Determination:

- Floating Rate Option:	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
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- Designated Maturity:	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
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Class of Notes:	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]
- Reset Date:	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
(h) Margin(s):	[+/-][ ] per cent. per annum	[+/-][ ] per cent. per annum	[+/-][ ] per cent. per annum	[+/-][ ] per cent. per annum	[+/-][ ] per cent. per annum	[+/-][ ] per cent. per annum	[+/-][ ] per cent. per annum	[+/-][ ] per cent. per annum
(i) Minimum Rate of Interest:	[ ] per cent. per annum	[ ] per cent. per annum	[ ] per cent. per annum	[ ] per cent. per annum	[ ] per cent. per annum	[ ] per cent. per annum	[ ] per cent. per annum	[ ] per cent. per annum
(j) Maximum Rate of Interest:	[ ] per cent. per annum	[ ] per cent. per annum	[ ] per cent. per annum	[ ] per cent. per annum	[ ] per cent. per annum	[ ] per cent. per annum	[ ] per cent. per annum	[ ] per cent. per annum
(k) Day Count Fraction:	[Actual/365 Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 Other]  (See Condition 6 (Interest) for alternatives)	[Actual/365 Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 Other]  (See Condition 6 (Interest) for alternatives)	[Actual/365 Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 Other]  (See Condition 6 (Interest) for alternatives)	[Actual/365 Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 Other]  (See Condition 6 (Interest) for alternatives)	[Actual/365 Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 Other]  (See Condition 6 (Interest) for alternatives)	[Actual/365 Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 Other]  (See Condition 6 (Interest) for alternatives)	[Actual/365 Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 Other]  (See Condition 6 (Interest) for alternatives)	[Actual/365 Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 Other]  (See Condition 6 (Interest) for alternatives)
(l) Fall back	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]

Class of Notes:	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]
provision s, rounding provision s, denomina tor and any other terms relating to the method of calculatin g interest on Floating Rate Notes, if different from those set out in the Terms and Condition s:								
<b>3. Zero Coupon Note Provisions:</b>	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]
	<i>(If not applicable, delete the</i>	<i>(If not applicable, delete the</i>	<i>(If not applicable, delete the</i>	<i>(If not applicable, delete the</i>	<i>(If not applicable, delete the</i>	<i>(If not applicable, delete the</i>	<i>(If not applicable, delete the</i>	<i>(If not applicable, delete the</i>

Class of Notes:	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]
	<i>remaining subparagraphs of this paragraph)</i>	<i>remaining subparagraphs of this paragraph)</i>	<i>remaining subparagraphs of this paragraph)</i>	<i>remaining subparagraphs of this paragraph)</i>	<i>remaining subparagraphs of this paragraph)</i>	<i>remaining subparagraphs of this paragraph)</i>	<i>remaining subparagraphs of this paragraph)</i>	<i>remaining subparagraphs of this paragraph)</i>
(a) Accrual Yield:	[ ] per cent. per annum	[ ] per cent. per annum	[ ] per cent. per annum	[ ] per cent. per annum	[ ] per cent. per annum	[ ] per cent. per annum	[ ] per cent. per annum	[ ] per cent. per annum
(b) Reference Price:	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
(c) Any other formula/basis of determining amount payable:	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
(d) Day Count Fraction in relation to Early Repayment Amounts and late payment:	[Conditions [Redemption and Purchase – Early Repayment Amounts] and [Late Payment on Zero Coupon Notes] apply/specify other] <i>(Consider applicable day count fraction if not U.S. dollar</i>	[Conditions [Redemption and Purchase – Early Repayment Amounts] and [Late Payment on Zero Coupon Notes] apply/specify other] <i>(Consider applicable day count fraction if not U.S. dollar</i>	[Conditions [Redemption and Purchase – Early Repayment Amounts] and [Late Payment on Zero Coupon Notes] apply/specify other] <i>(Consider applicable day count fraction if not U.S. dollar</i>	[Conditions [Redemption and Purchase – Early Repayment Amounts] and [Late Payment on Zero Coupon Notes] apply/specify other] <i>(Consider applicable day count fraction if not U.S. dollar</i>	[Conditions [Redemption and Purchase – Early Repayment Amounts] and [Late Payment on Zero Coupon Notes] apply/specify other] <i>(Consider applicable day count fraction if not U.S. dollar</i>	[Conditions [Redemption and Purchase – Early Repayment Amounts] and [Late Payment on Zero Coupon Notes] apply/specify other] <i>(Consider applicable day count fraction if not U.S. dollar</i>	[Conditions [Redemption and Purchase – Early Repayment Amounts] and [Late Payment on Zero Coupon Notes] apply/specify other] <i>(Consider applicable day count fraction if not U.S. dollar</i>	[Conditions [Redemption and Purchase – Early Repayment Amounts] and [Late Payment on Zero Coupon Notes] apply/specify other] <i>(Consider applicable day count fraction if not U.S. dollar</i>

Class of Notes:	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]
	denominated)]	denominated)]	denominated)]	denominated)]	denominated)]	denominated)]	denominated)]	denominated)]

**PROVISIONS RELATING TO REDEMPTION**

1. Final Redemption Amount of each Note:	[[ ] per Note of [ ] Specified Denomination/specify other /see Appendix]]	[[ ] per Note of [ ] Specified Denomination/specify other /see Appendix]]	[[ ] per Note of [ ] Specified Denomination/specify other /see Appendix]]	[[ ] per Note of [ ] Specified Denomination/specify other /see Appendix]]	[[ ] per Note of [ ] Specified Denomination/specify other /see Appendix]]	[[ ] per Note of [ ] Specified Denomination/specify other /see Appendix]]	[[ ] per Note of [ ] Specified Denomination/specify other /see Appendix]]	[[ ] per Note of [ ] Specified Denomination/specify other /see Appendix]]
	<i>(N.B. If the Final Redemption Amount is other than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)</i>	<i>(N.B. If the Final Redemption Amount is other than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)</i>	<i>(N.B. If the Final Redemption Amount is other than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)</i>	<i>(N.B. If the Final Redemption Amount is other than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)</i>	<i>(N.B. If the Final Redemption Amount is other than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)</i>	<i>(N.B. If the Final Redemption Amount is other than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)</i>	<i>(N.B. If the Final Redemption Amount is other than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)</i>	<i>(N.B. If the Final Redemption Amount is other than 100% of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)</i>
2. Mandatory Redemption in part:	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]
3. Optional	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]

Class of Notes:	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	
Redemption:										
Optional Redemption for Tax Reasons:	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	
Optional Redemption (Minimum Amount Outstanding):	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]	
Optional Redemption (Step-Up Date):	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]	[Applicable/Not Applicable]	
(b) Optional Redemption Amount):	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	
4. Early Repayment Amount of each Note:	<i>[Refer as necessary to the related Supplement]</i>									
5. Additional Series Event of Default:	[Applicable/Not Applicable] <i>[Refer as necessary to the related Supplement and Condition 12 (Series Event of</i>	[Applicable/Not Applicable] <i>[Refer as necessary to the related Supplement and Condition 12 (Series Event of</i>	[Applicable/Not Applicable] <i>[Refer as necessary to the related Supplement and Condition 12 (Series Event of</i>	[Applicable/Not Applicable] <i>[Refer as necessary to the related Supplement and Condition 12 (Series Event of</i>	[Applicable/Not Applicable] <i>[Refer as necessary to the related Supplement and Condition 12 (Series Event of</i>	[Applicable/Not Applicable] <i>[Refer as necessary to the related Supplement and Condition 12 (Series Event of</i>	[Applicable/Not Applicable] <i>[Refer as necessary to the related Supplement and Condition 12 (Series Event of</i>	[Applicable/Not Applicable] <i>[Refer as necessary to the related Supplement and Condition 12 (Series Event of</i>	[Applicable/Not Applicable] <i>[Refer as necessary to the related Supplement and Condition 12 (Series Event of</i>	[Applicable/Not Applicable] <i>[Refer as necessary to the related Supplement and Condition 12 (Series Event of</i>

<b>Class of Notes:</b>	<b>Class [ ]</b>	<b>Class [ ]</b>	<b>Class [ ]</b>	<b>Class [ ]</b>	<b>Class [ ]</b>	<b>Class [ ]</b>	<b>Class [ ]</b>	<b>Class [ ]</b>
	<i>Default) as necessary.]</i>	<i>Default) as necessary.]</i>	<i>Default) as necessary.]</i>	<i>Default) as necessary.]</i>	<i>Default) as necessary.]</i>	<i>Default) as necessary.]</i>	<i>Default) as necessary.]</i>	<i>Default) as necessary.]</i>
6. Details of Credit Support Agreements (if applicable):	<i>[Give details and/or date and nature of agreement and any other relevant items]</i>	<i>[Give details and/or date and nature of agreement and any other relevant items]</i>	<i>[Give details and/or date and nature of agreement and any other relevant items]</i>	<i>[Give details and/or date and nature of agreement and any other relevant items]</i>	<i>[Give details and/or date and nature of agreement and any other relevant items]</i>	<i>[Give details and/or date and nature of agreement and any other relevant items]</i>	<i>[Give details and/or date and nature of agreement and any other relevant items]</i>	<i>[Give details and/or date and nature of agreement and any other relevant items]</i>
7. Credit Support Provider (if applicable):	<i>Give name(s) and address(es) of institutions]</i>	<i>Give name(s) and address(es) of institutions]</i>	<i>Give name(s) and address(es) of institutions]</i>	<i>Give name(s) and address(es) of institutions]</i>	<i>Give name(s) and address(es) of institutions]</i>	<i>Give name(s) and address(es) of institutions]</i>	<i>Give name(s) and address(es) of institutions]</i>	<i>Give name(s) and address(es) of institutions]</i>
8. Other	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

1. Form of Notes:	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable on and after the Exchange Date for Notes in definitive form [on 60 days' notice given at any time/only upon the occurrence of an Exchange Event]	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable on and after the Exchange Date for Notes in definitive form [on 60 days' notice given at any time/only upon the occurrence of an Exchange Event]	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable on and after the Exchange Date for Notes in definitive form [on 60 days' notice given at any time/only upon the occurrence of an Exchange Event]	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable on and after the Exchange Date for Notes in definitive form [on 60 days' notice given at any time/only upon the occurrence of an Exchange Event]	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable on and after the Exchange Date for Notes in definitive form [on 60 days' notice given at any time/only upon the occurrence of an Exchange Event]	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable on and after the Exchange Date for Notes in definitive form [on 60 days' notice given at any time/only upon the occurrence of an Exchange Event]	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable on and after the Exchange Date for Notes in definitive form [on 60 days' notice given at any time/only upon the occurrence of an Exchange Event]	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable on and after the Exchange Date for Notes in definitive form [on 60 days' notice given at any time/only upon the occurrence of an Exchange Event]
	[Temporary Global	[Temporary Global	[Temporary Global	[Temporary Global	[Temporary Global	[Temporary Global	[Temporary Global	[Temporary Global





Class of Notes:	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]
	Euroclear and Clearstream, Luxembourg]]]]	Euroclear and Clearstream, Luxembourg]]]]	Euroclear and Clearstream, Luxembourg]]]]	Euroclear and Clearstream, Luxembourg]]]]	Euroclear and Clearstream, Luxembourg]]]]	Euroclear and Clearstream, Luxembourg]]]]	Euroclear and Clearstream, Luxembourg]]]]	of Euroclear and Clearstream, Luxembourg]]]]
2. Financial Centre(s) or other special provisions relating to Distribution Dates:	[Not Applicable/give details]	[Not Applicable/give details]	[Not Applicable/give details]	[Not Applicable/give details]	[Not Applicable/give details]	[Not Applicable/give details]	[Not Applicable/give details]	[Not Applicable/give details]
	<i>(Note that this item relates to the date and place of payment and not Interest Period end dates to which item 18(c) relates)</i>	<i>(Note that this item relates to the date and place of payment and not Interest Period end dates to which item 18(c) relates)</i>	<i>(Note that this item relates to the date and place of payment and not Interest Period end dates to which item 18(c) relates)</i>	<i>(Note that this item relates to the date and place of payment and not Interest Period end dates to which item 18(c) relates)</i>	<i>(Note that this item relates to the date and place of payment and not Interest Period end dates to which item 18(c) relates)</i>	<i>(Note that this item relates to the date and place of payment and not Interest Period end dates to which item 18(c) relates)</i>	<i>(Note that this item relates to the date and place of payment and not Interest Period end dates to which item 18(c) relates)</i>	<i>(Note that this item relates to the date and place of payment and not Interest Period end dates to which item 18(c) relates)</i>
3. Detachable Coupons:	[Applicable/Not Applicable. <i>If Applicable, give details</i> ]	[Applicable/Not Applicable. <i>If Applicable, give details</i> ]	[Applicable/Not Applicable. <i>If Applicable, give details</i> ]	[Applicable/Not Applicable. <i>If Applicable, give details</i> ]	[Applicable/Not Applicable. <i>If Applicable, give details</i> ]	[Applicable/Not Applicable. <i>If Applicable, give details</i> ]	[Applicable/Not Applicable. <i>If Applicable, give details</i> ]	[Applicable/Not Applicable. <i>If Applicable, give details</i> ]
4. Talons for future Coupons to be attached to Notes in definitive form (and dates on which such Talons	[Yes/No. <i>If yes, give details</i> ]	[Yes/No. <i>If yes, give details</i> ]	[Yes/No. <i>If yes, give details</i> ]	[Yes/No. <i>If yes, give details</i> ]	[Yes/No. <i>If yes, give details</i> ]	[Yes/No. <i>If yes, give details</i> ]	[Yes/No. <i>If yes, give details</i> ]	[Yes/No. <i>If yes, give details</i> ]

Class of Notes:	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]
mature):								
5. Redenominati on applicable:	[Not Applicable/The provisions annexed to this Supplement apply]	[Not Applicable/The provisions annexed to this Supplement apply]	[Not Applicable/The provisions annexed to this Supplement apply]	[Not Applicable/The provisions annexed to this Supplement apply]	[Not Applicable/The provisions annexed to this Supplement apply]	[Not Applicable/The provisions annexed to this Supplement apply]	[Not Applicable/The provisions annexed to this Supplement apply]	[Not Applicable/The provisions annexed to this Supplement apply]

**PART B: OTHER INFORMATION**

**DISTRIBUTION**

<b>Class of Notes:</b>	<b>Class [ ]</b>	<b>Class [ ]</b>	<b>Class [ ]</b>	<b>Class [ ]</b>	<b>Class [ ]</b>	<b>Class [ ]</b>	<b>Class [ ]</b>	<b>Class [ ]</b>	<b>Class [ ]</b>
1. (a) Lead Manager(s):	[Not Applicable/give names]	[Not Applicable/give names]	[Not Applicable/give names]	[Not Applicable/give names]	[Not Applicable/give names]	[Not Applicable/give names]	[Not Applicable/give names]	[Not Applicable/give names]	[Not Applicable/give names]
(b) Stabilising Manager (if any):	[Not Applicable/give names]	[Not Applicable/give names]	[Not Applicable/give names]	[Not Applicable/give names]	[Not Applicable/give names]	[Not Applicable/give names]	[Not Applicable/give names]	[Not Applicable/give names]	[Not Applicable/give names]
2. Dealer(s):	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
3. Whether TEFRA D rules applicable or TEFRA rules not applicable:	[TEFRA D/TEFRA C/TEFRA not applicable]	[TEFRA D/TEFRA C/TEFRA not applicable]	[TEFRA D/TEFRA C/TEFRA not applicable]	[TEFRA D/TEFRA C/TEFRA not applicable]	[TEFRA D/TEFRA C/TEFRA not applicable]	[TEFRA D/TEFRA C/TEFRA not applicable]	[TEFRA D/TEFRA C/TEFRA not applicable]	[TEFRA D/TEFRA C/TEFRA not applicable]	[TEFRA D/TEFRA C/TEFRA not applicable]
4. Additional selling restrictions:	[Not Applicable/give details]	[Not Applicable/give details]	[Not Applicable/give details]	[Not Applicable/give details]	[Not Applicable/give details]	[Not Applicable/give details]	[Not Applicable/give details]	[Not Applicable/give details]	[Not Applicable/give details]
5. U.S. tax treatment:	[Debt for U.S. federal income tax purposes, subject to the considerations set forth in "United States Federal Income Taxation" in the Offering Circular./Not	[Debt for U.S. federal income tax purposes, subject to the considerations set forth in "United States Federal Income Taxation" in the Offering Circular./Not	[Debt for U.S. federal income tax purposes, subject to the considerations set forth in "United States Federal Income Taxation" in the Offering Circular./Not	[Debt for U.S. federal income tax purposes, subject to the considerations set forth in "United States Federal Income Taxation" in the Offering Circular./Not	[Debt for U.S. federal income tax purposes, subject to the considerations set forth in "United States Federal Income Taxation" in the Offering Circular./Not	[Debt for U.S. federal income tax purposes, subject to the considerations set forth in "United States Federal Income Taxation" in the Offering Circular./Not	[Debt for U.S. federal income tax purposes, subject to the considerations set forth in "United States Federal Income Taxation" in the Offering Circular./Not	[Debt for U.S. federal income tax purposes, subject to the considerations set forth in "United States Federal Income Taxation" in the Offering Circular./Not	[Debt for U.S. federal income tax purposes, subject to the considerations set forth in "United States Federal Income Taxation" in the Offering Circular./Not

Class of Notes:	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]
	applicable. (These notes are not being offered or sold in the United States.))	applicable. (These notes are not being offered or sold in the United States.))	applicable. (These notes are not being offered or sold in the United States.))	applicable. (These notes are not being offered or sold in the United States.))	applicable. (These notes are not being offered or sold in the United States.))	applicable. (These notes are not being offered or sold in the United States.))	applicable. (These notes are not being offered or sold in the United States.))	applicable. (These notes are not being offered or sold in the United States.))
6. ERISA eligible:	[Yes, subject to the considerations in "United States ERISA Considerations" in the Offering Circular./ Not applicable. (These notes are not being offered or sold in the United States.))	[Yes, subject to the considerations in "United States ERISA Considerations" in the Offering Circular./ Not applicable. (These notes are not being offered or sold in the United States.))	[Yes, subject to the considerations in "United States ERISA Considerations" in the Offering Circular./ Not applicable. (These notes are not being offered or sold in the United States.))	[Yes, subject to the considerations in "United States ERISA Considerations" in the Offering Circular./ Not applicable. (These notes are not being offered or sold in the United States.))	[Yes, subject to the considerations in "United States ERISA Considerations" in the Offering Circular./ Not applicable. (These notes are not being offered or sold in the United States.))	[Yes, subject to the considerations in "United States ERISA Considerations" in the Offering Circular./ Not applicable. (These notes are not being offered or sold in the United States.))	[Yes, subject to the considerations in "United States ERISA Considerations" in the Offering Circular./ Not applicable. (These notes are not being offered or sold in the United States.))	[Yes, subject to the considerations in "United States ERISA Considerations" in the Offering Circular./ Not applicable. (These notes are not being offered or sold in the United States.))
7. Authorised Holding	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
8. NGN	[Yes/No]	[Yes/No]	Yes/No	[Yes/No]	[Yes/No]	[Yes/No]	[Yes/No]	[Yes/No]
<b>OPERATIONAL INFORMATION</b>								
1. Clearing system(s):	[Euroclear]  [Clearstream, Luxembourg]  [DTC]  [other]	[Euroclear]  [Clearstream, Luxembourg]  [DTC]  [other]	[Euroclear]  [Clearstream, Luxembourg]  [DTC]  [other]	[Euroclear]  [Clearstream, Luxembourg]  [DTC]  [other]	[Euroclear]  [Clearstream, Luxembourg]  [DTC]  [other]	[Euroclear]  [Clearstream, Luxembourg]  [DTC]  [other]	[Euroclear]  [Clearstream, Luxembourg]  [DTC]  [other]	[Euroclear]  [Clearstream, Luxembourg]  [DTC]  [other]

Class of Notes:	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]
2. Intended to be held in a manner which would allow Eurosystem eligibility	[Yes/No]	[Yes/No]	[Yes/No]	[Yes/No]	[Yes/No]	[Yes/No]	[Yes/No]	[Yes/No]
<p>[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as Common Safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.][include this text if "yes" selected in which case the Notes must be issued in NGN form]</p>								
3. ISIN Codes:	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
4. CUSIP:	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
5. Common Codes:	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
6. Delivery:	Delivery [against/free of] payment	Delivery [against/free of] payment	Delivery [against/free of] payment	Delivery [against/free of] payment	Delivery [against/free of] payment	Delivery [against/free of] payment	Delivery [against/free of] payment	Delivery [against/free of] payment
7. Names and addresses of additional Series Paying Agent(s) (if any):	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
	<i>(give names and addresses)</i>	<i>(give names and addresses)</i>	<i>(give names and addresses)</i>	<i>(give names and addresses)</i>	<i>(give names and addresses)</i>	<i>(give names and addresses)</i>	<i>(give names and addresses)</i>	<i>(give names and addresses)</i>
8. Governing Law:	English Law	English Law	English Law	English Law	English Law	English Law	English Law	English Law

Class of Notes:	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]	Class [ ]
9. Note Notices Newspaper:	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]

**SERIES RESIDUALS/ MERCs**

Series Residuals to be issued: [Applicable/Not Applicable] [If applicable description to be inserted in related Supplement]

Series MERCs to be issued: [Applicable/Not Applicable] [If applicable description to be inserted in related Supplement]

**ADDITIONAL INFORMATION RELATED TO THE APPLICABLE SERIES**

*[Insert as applicable]*

**LISTING AND ADMISSION TO TRADING APPLICATION**

This Supplement comprises the terms required to list and have admitted to trading the issue of Notes described herein pursuant to the Mortgage Backed Securities Programme of EuroMASTR PLC.

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in this Supplement.

Signed for and on behalf of the Issuer:

By: .....  
Duly authorised

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each Definitive Note (as defined below), in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such Definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and Definitive Note. Reference should be made to "Form of Supplement" for a description of the content of the Supplement which will specify which of such terms are to apply in relation to the relevant Tranche of Notes.*

This Note is one of a Series (as defined below) (such Series, the **applicable Series**) of Notes constituted by a trust deed in respect of the applicable Series (such trust deed as amended and/or supplemented and/or restated from time to time, the **Series Trust Deed**) dated on or about the Issue Date of the applicable Series and made between EuroMASTR PLC (the **Issuer**) and HSBC Trustee (C.I.) Limited (the **Series Note Trustee**, which expression includes the trustee or trustees for the time being of the Series Trust Deed) as trustee for the Noteholders and the Couponholders of the applicable Series.

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes in bearer form represented by a temporary or permanent global Note (a **Bearer Global Note**), units of the lowest Specified Denomination in the Specified Currency;
- (b) any Bearer Global Note;
- (c) any Definitive Notes in bearer form (each a **Bearer Definitive Note** and together with the Bearer Global Notes, the **Bearer Notes**) issued in exchange for a Bearer Global Note;
- (d) in relation to any Notes in registered form (**Registered Notes**) represented by a permanent Reg S global Note (a **Reg S Global Note** (as further defined below)) or a permanent Rule 144A global Note (a **Rule 144A Global Note** (as further defined below)), in the latter case issued to Qualified Institutional Buyers (**QIBs**) (as defined in Rule 144A (**Rule 144A**) of the U.S. Securities Act of 1933, as amended (the **Securities Act**)), units of the lowest Specified Denomination in the Specified Currency;
- (e) any Reg S Global Note or Rule 144A Global Note (the **Registered Global Notes** and together with the Bearer Global Notes, the **Global Notes**); and
- (f) any Definitive Notes in registered form issued in exchange for a Reg S Global Note or a Rule 144A Global Note (respectively, a **Reg S Definitive Note** and a **Rule 144A Definitive Note** and each a **Registered Definitive Note**, and together with the Bearer Definitive Notes, the **Definitive Notes**).

The Notes and the Coupons (as defined below) have the benefit of a series agency agreement in respect of the applicable Series (such series agency agreement as amended and/or supplemented and/or restated from time to time, the **Series Agency Agreement**) dated on or about the Issue Date of the applicable Series and made between the Issuer, the Series Note Trustee, HSBC Bank plc as series principal paying agent and series agent bank (the **Series Principal Paying Agent**, which expression shall include any successor principal paying agent and the **Series Agent Bank**, which expression shall include any successor series agent bank) and the other paying agents named therein (together with the Series Principal Paying Agent, the **Series**



**Paying Agents**, which expression shall include any additional or successor series paying agents), HSBC Bank USA, N.A. as Series Registrar and Series Transfer Agent in respect of the applicable Series of Registered Notes, unless otherwise specified in the relevant Supplement (the **Series Registrar** and **Series Transfer Agent**, which expression shall include any successor series registrar and series transfer agent) and HSBC Bank plc as Exchange Rate Agent in respect of each Series of Registered Notes represented by a Registered Global Note held through DTC, unless otherwise specified in the relevant Supplement (the **Series Exchange Rate Agent**).

The Notes of each Series may be issued in one or more Classes as set out in detail in the applicable Supplement.

The Series Subordinated Notes may be issued in one or more sub-Classes as set out in detail in the applicable Supplement and fully paid on the Issue Date of the applicable Series in a sum specified in the Supplement. The proceeds of the sub-Class of the Series Subordinated Notes specified in the relevant Supplement (if any) may be used in funding the Initial Reserve Fund Amount and to meet Series Prefunding Interest Shortfall Amounts and the Series Discount Reserve (if any) and will also be used for meeting the costs and expenses arising in respect of the issue of the Notes of the relevant Series.

Interest bearing Bearer Definitive Notes have interest coupons (**Definitive Coupons**) and, if indicated in the applicable Supplement, talons for further Definitive Coupons (**Talons**) attached on issue. Interest bearing Bearer Global Notes may, if indicated in the applicable Supplement, have Global Coupons (as defined below). The expression **Coupon** shall be read and construed to mean a Definitive Coupon (including any Definitive Detachable Coupon) and Global Coupon (including any Global Detachable Coupon). Any reference herein to Coupons or coupons shall also, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Registered Notes do not have Coupons or Talons attached on issue.

The Supplement for this Note (or the relevant provisions thereof) is attached to or endorsed on this Note and supplements these Terms and Conditions (the **Conditions**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Note. References to the **applicable Supplement** are to the Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons. The Series Note Trustee acts for the benefit of the Noteholders and the Couponholders, in each case of the applicable Series, for the time being in accordance with the provisions of the Series Trust Deed.

As used herein, **Class** means Notes which are identical in all respects (including as to listing), **Tranche** means one or more Classes of Notes identified in a Supplement and issued on the same date and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

These Conditions include summaries of, and are subject to, the detailed provisions of the following agreements: the Series Trust Deed, the Series Agency Agreement, a security deed (such security deed as amended and/or supplemented and/or restated from time to time, the **Security Deed**) dated on or about 18 June 2007 between, *inter alios*, the Security Trustee and the Issuer, an intercreditor deed (such intercreditor deed as amended and/or supplemented and/or restated from time to time, the **Intercreditor Deed**) dated on or about 18 June 2007 between, *inter alios*, the Security Trustee and each of the Programme Secured Creditors together with a supplement to the Intercreditor Deed in respect of the applicable Series (the **Series**

**Intercreditor Deed Supplement** and, together with the Series Trust Deed, the Series Agency Agreement, the Security Deed and the Intercreditor Deed, the **Principal Note Agreements**) dated on or about the Issue Date of the applicable Series between, *inter alios*, the Series Note Trustee and any new Series Secured Creditors. Copies of the Principal Note Agreements, the other Transaction Documents specified in the applicable Supplement and the Master Definitions and Construction Deed (as defined below) are available for inspection in hard copy form during usual business hours at the specified office of each of the Series Principal Paying Agent, the Series Registrar (in the case of Registered Notes) and the other Series Paying Agents and Series Transfer Agents (such Series Paying Agents and Series Transfer Agents being together referred to as the **Series Agents**). Copies of the applicable Supplement are obtainable during normal business hours at the specified office of each of the Series Agents save that, if this Note is an unlisted Note of any Series, the applicable Supplement will only be obtainable by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer and the Series Note Trustee or, as the case may be, the relevant Series Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are entitled to the benefit of the Series Trust Deed and are bound by, and are deemed to have notice of, the provisions of the Principal Note Agreements and the applicable Supplement which are applicable to them. In the event of inconsistency between a Principal Note Agreement and the applicable Supplement, the applicable Supplement will prevail.

In these Conditions, capitalised words and expressions shall, unless otherwise defined herein or defined or used in the applicable Supplement, have the same meanings as those given in the Master Definitions and Construction Deed (such Master Definitions and Construction Deed as amended and/or supplemented and/or restated from time to time, the **Master Definitions and Construction Deed**) dated on or about 18 June 2007 between the Issuer and the Security Trustee.

## 1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form or in registered form as specified in the applicable Supplement and, in the case of Definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*. In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. Noteholders who hold Notes in the relevant Clearing System in amounts that are not integral multiples of a Specified Denomination may need to purchase or sell, on or before the relevant Exchange Date, a principal amount of Notes such that their holding is an integral multiple of a Specified Denomination.

The Class of Note specified in the relevant Supplement may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Supplement.

Bearer Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Conditions are not applicable.

Each Class of Bearer Notes will (as indicated in the applicable Supplement) be initially represented in the form of a temporary bearer global note (a **Temporary Global Note**) and may, as indicated in the applicable Supplement, incorporate a temporary global detachable coupon (the **Temporary Global Detachable Coupon**), which will be capable of being subsequently separated from the remainder of the Temporary Global Note and which will by its terms constitute a bearer instrument if so separated. In the event that a Detachable Coupon is at any time detached from a Note (**Coupon Stripping**), the Detachable Coupon shall have a notional amount equal to the Principal Amount Outstanding from time to time of such Note from which that Detachable Coupon was detached. The Detachable Coupons will mature on the date on which the related Class of Notes is redeemed in full. The Temporary Global Notes together with the Temporary Global Detachable Coupons will be

referred to herein as the **Temporary Global Instruments**. The Temporary Global Instruments will be deposited on the Issue Date with a common depository (the **Common Depository**) on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) (in the case of Temporary Global Instruments which are not NGNs) or with a specified common safekeeper (the **Common Safekeeper**) (in the case of Temporary Global Instruments which are NGNs).

Beneficial interests in a Temporary Global Note and, if separated prior to the Exchange Date (as defined below), a Temporary Global Detachable Coupon will be exchangeable (as specified in the applicable Supplement) (free of charge) upon a request as described therein for either beneficial interests in a permanent bearer global note (a **Permanent Global Note**) or permanent global Detachable Coupon (the **Permanent Global Detachable Coupon** and, together with the Permanent Global Note, the **Permanent Global Instruments**) as the case may be or Bearer Definitive Notes of the same Class, in each case on or after the date (the **Exchange Date**) which is 40 days after the date on which the Temporary Global Note is issued and upon certification as to non-U.S. beneficial ownership by the relevant Noteholder or Couponholder. The Permanent Global Note in respect of a Class of Notes will incorporate the Permanent Global Detachable Coupon which will, to the extent that Detachable Coupons have been separated from such Notes, be subsequently separated from the remainder of the related Permanent Global Note and which will by its terms constitute a bearer instrument if so separated. The expression "Global Detachable Coupon" shall be read and construed to mean a Temporary Global Detachable Coupon or a Permanent Global Detachable Coupon and the expression "Global Instrument" shall be read and construed to mean a Global Note or a Global Detachable Coupon, in each case, as the context may require. On the exchange of each Temporary Global Instrument for the relevant Permanent Global Instrument such Permanent Global Instrument will remain deposited with the Common Depository, or, as applicable, Common Safekeeper.

Once detached from a Bearer Global Note, the Global Detachable Coupon will be subject to the same restrictions on transferability as the related Bearer Global Note.

Although following Coupon Stripping there is no prohibition on the same person holding both Detachable Coupons and the related Notes, there is no facility for re-attaching the Global Detachable Coupons to the related Notes.

Registered Notes offered, sold or delivered outside the United States in reliance on Regulation S will be represented by a Reg S Global Note registered in the name of a nominee for, and deposited with, the Common Depository. Prior to expiry of the applicable Distribution Compliance Period (as defined below) required by Regulation S, beneficial interests in a Reg S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 (*Transfers of Registered Notes*) and such Reg S Global Note will bear a legend regarding such restrictions on transfer.

Registered Notes offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S) will be evidenced by a Rule 144A Global Note, without interest coupons, which will be deposited with a custodian for, and registered in the name of a nominee of, the Depository Trust Company (**DTC**) on the Issue Date and will be offered, sold or delivered only to QIBs in private transactions exempt from the registration requirements of the Securities Act.

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Series Agency Agreement. The Issuer, the Series Note Trustee and any Series Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered 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 Note, 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 Instrument held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Global Instrument (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg 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, the Series Note Trustee and the Series Agents 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 Global Instrument, for which purpose the bearer of the relevant Bearer Global Note, the bearer of the relevant Global Detachable Coupon or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Series Note Trustee and any Series Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Instrument and the expressions **Couponholder**, **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly. Without limitation to the foregoing, in determining whether a particular person is entitled to a particular nominal amount of Notes or Coupons as aforesaid, the Series Note Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

For so long as DTC or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Instrument will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be. References to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Supplement or as may otherwise be approved by the Issuer, the Series Principal Paying Agent and the Series Note Trustee.

## **2. TRANSFERS OF REGISTERED NOTES**

### **(a) Transfers of interests in Registered Global Notes**

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Definitive Notes or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Supplement and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Series Trust Deed and the Series Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

(b) Transfers of Registered Definitive Notes

Upon the terms and subject to the conditions specified in the Series Trust Deed and the Series Agency Agreement, a Registered Definitive Note may be transferred in whole or in part (in the authorised denominations set out in the applicable Supplement). In order to effect any such transfer (i) the holder or holders must (A) surrender the Registered Definitive Note for registration of the transfer of the Registered Definitive Note (or the relevant part of the Registered Definitive Note) at the specified office of the Series Registrar or any Series Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (B) complete and deposit such other certifications as may be required by the Series Registrar or, as the case may be, the relevant Series Transfer Agent and (ii) the Series Registrar or, as the case may be, the relevant Series Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request and upon compliance with such reasonable requirements as the Issuer and the Series Registrar may prescribe (including an opinion of U.S. counsel that any such transfer is in compliance with any applicable securities or other laws of the United States). Any such transfer will be subject to such reasonable regulations as the Issuer and the Series Registrar may from time to time prescribe (the initial regulations being set out in Schedule 1 to the Series Agency Agreement). Subject as provided above, the Series Registrar or, as the case may be, the relevant Series Transfer Agent will, within five business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Series Registrar or, as the case may be, the relevant Series Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Definitive Note of a like aggregate nominal amount to the Registered Definitive Note (or the relevant part of the Registered Definitive Note) transferred. In the case of the transfer of part only of a Registered Definitive Note, a new Registered Definitive Note in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(c) Transfers of interests in Reg S Global Notes

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Reg S Global Note to a transferee in the United States or who is a U.S. person will only be made:

- (i) upon receipt by the Series Registrar of a written certification from the transferor of the Note or beneficial interest therein (a **Rule 144A Transfer Certificate**) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A and an investment letter (an **Investment Letter**) from the transferee to the effect that the transferee is a QIB and acknowledging that the Note of such Class or the beneficial interest is being transferred to the transferee in accordance with Rule 144A, in each case substantially in the form set out in the Agency Agreement, amended as appropriate, copies of which are available from the specified office of the Series Registrar or any Series Transfer Agent; or
- (ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of (i) above, such transferee may take delivery through a Rule 144A Global Note or a Rule 144A Definitive Note (the **Rule 144A Notes**). After expiry of the applicable Distribution Compliance Period such certification requirements will no longer apply to such transfers.

(d) Transfers of interests in Rule 144A Global Notes

Transfers by the holder of, or of a beneficial interest in, a Rule 144A Global Note may be made:

- (i) to a transferee who takes delivery of such interest through a Reg S Global Note of the relevant Class, upon receipt by the Series Registrar of a duly completed written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a **Regulation S Transfer Certificate**), from the transferor to the effect that such transfer is being made in accordance with Regulation S; or
- (ii) to a transferee who takes delivery of such interest through a Rule 144A Global Note of the relevant Class where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
- (iii) to a transferee who takes delivery of such interest through a Rule 144A Definitive Note, upon receipt by the Series Registrar of a duly completed Rule 144A Transfer Certificate and an Investment Letter, in each case substantially in the form set out in the Agency Agreement; or
- (iv) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Notes transferred to QIBs pursuant to Rule 144A or outside the United States pursuant to Regulation S will be eligible to be held by such QIBs or non-U.S. investors through DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, and the Series Registrar will arrange for any Notes which are the subject of such a transfer to be represented by the appropriate Registered Global Note, where applicable.

Upon the transfer, exchange or replacement of Rule 144A Notes, or upon specific request for removal of the Legend, the Series Registrar shall deliver only Rule 144A Notes or refuse to remove such Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

(e) Exchange and Transfer of Registered Global Notes for Registered Definitive Notes

- (i) Interests in a Reg S Global Note or a Rule 144A Global Note will be exchangeable (free of charge), in whole but not in part, for Registered Definitive Notes of the same Class only upon the occurrence of an Exchange Event.

- (ii) In the event of a partial redemption of Notes of a Class under Condition 9 (*Redemption and Series Post-Enforcement Call Option*), neither the Issuer nor the Series Registrar will be required to register the transfer of Registered Notes (or parts of Registered Notes) or to effect exchanges of interests in Reg S Global Notes or Rule 144A Global Notes for Registered Definitive Notes of the same Class during the period beginning on the sixty-fifth 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).

(f) Definitions

In this Condition, **Distribution Compliance Period** means the period that ends 40 days after the later of the commencement of the offering of the Notes of the relevant Tranche or Series and the Issue Date.

(g) Closed periods

No holder of a Registered Note may require the transfer of such Registered Note, or any part of it, to be registered during the period of 15 days ending on a Distribution Date. In addition, in the event of a partial redemption of Notes under Condition 9 (*Redemption and Series Post-Enforcement Call Option*), the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(h) 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.

### 3. STATUS, SECURITY AND ADMINISTRATION

- (a) The Notes constitute direct, secured and, subject, where applicable, as provided in Condition 7 (*Deferral of Interest and Principal*), unconditional obligations of the Issuer. The Notes of each Class rank *pari passu* without preference or priority amongst themselves and, in relation to other Classes of Notes of the same Series, rank as provided in the Series Priorities of Payments set out in the applicable Supplement.
- (b) The Series Trust Deed contains provisions requiring the Series Note Trustee to have regard to the interests of the holders of all Classes of Notes and other Instruments comprised in a Series equally as regards all rights, powers, trusts, authorities, duties and discretions of the Series Note Trustee (except where expressly provided otherwise), but requiring the Series Note Trustee in any such case to have regard only to the interests of the Class or, as the case may be, Classes of Noteholders ranking most or more senior in the applicable Series Priorities of Payments set out in the applicable Supplement if, in the Series Note Trustee's opinion, there is a conflict between the interests of the holders of any Classes of Notes comprised in a Series and to have regard only to the interests of the holders of the relevant Class or Classes of Noteholders if, in the Series Note Trustee's opinion, there is a conflict between the interests of the holders of any Class or Classes of Notes and the holders of any Instruments other than Notes.
- (c) The Security constituted by or pursuant to the Security Deed in respect of each Series is granted to the Security Trustee, on trust for the Noteholders of each Series and certain other creditors of the Issuer, upon and subject to the terms and conditions of the Security Deed.

- (d) The Noteholders will share in the benefit of the Security constituted by or pursuant to the Security Deed, upon and subject to the terms and conditions of the Security Deed and the Intercreditor Deed.

#### 4. COVENANTS

4.1 Save with the prior written consent of the Series Note Trustee or as provided in or envisaged by any of the Principal Note Agreements or the other Transaction Documents specified in the applicable Supplement, the Issuer shall not, for so long as any Note remains outstanding (as defined in the Series Trust Deed):

(a) Negative Pledge

create or permit to subsist any mortgage, standard security, pledge, lien (unless arising by operation of law), charge or other security interest upon the whole or any part of its assets, present or future (including any uncalled capital) or its undertaking except where the same is given in connection with the issue of a Series;

(b) Restrictions on Activities

(i) engage in any activity which is not reasonably incidental to any of the activities which the Transaction Documents provide or envisage that the Issuer will engage in;

(ii) open any account whatsoever with any bank or other financial institution, except in connection with the issue of a Series where such account is immediately charged in favour of the Security Trustee;

(iii) have any subsidiaries or employees or premises; or

(iv) act as a director of any company;

(c) Borrowings

incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or otherwise become obligated in respect of any obligation of any person, except where the same is incurred or given or the Issuer become so obligated (as applicable) in connection with the issue of a Series;

(d) Merger

consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;

(e) Disposal of Assets

transfer, sell, lend, pledge, part with or otherwise dispose of or deal with, or grant any option over any present or future right to acquire, any of its assets or undertaking or any interest, estate, right, title or benefit therein, provided that the Issuer may (and may agree to) transfer, sell, lend, pledge, assign, part with or otherwise dispose of or deal with, or grant any option over any present or future right to acquire any of its assets or undertaking or any interest, estate, right, title or benefit therein that forms part of the Series Assets of such Series where the proceeds of the same are applied, *inter alia*, in or towards redemption of such Series in accordance with the Conditions of such Series and the terms of the Transaction Documents relating to such Series;



(f) Tax Grouping

become a member of a group of companies for the purposes of Value Added Tax;

(g) Other

permit any of the Transaction Documents specified in the applicable Supplement, the Insurance Contracts relating to the Loans owned by the Issuer or the priority of the security interest created thereby to be amended, invalidated, rendered ineffective, terminated or discharged, or consent to any variation thereof, or exercise of any powers of consent or waiver in relation thereto pursuant to the terms of the Series Trust Deed and these Conditions, or permit any party to any of the Transaction Documents specified in the applicable Supplement or Insurance Contracts or any other person whose obligations form part of the Security to be released from such obligations, or dispose of any Mortgage or Loan save as envisaged in these Conditions and in the Transaction Documents specified in the applicable Supplement; or

(h) issue any further shares.

In giving any consent to the foregoing, the Series Note Trustee may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents specified in the applicable Supplement or may impose such other conditions or requirements as the Series Note Trustee may deem expedient in the interests of the Noteholders.

4.2 For so long as any Note remains outstanding the Issuer shall:

(a) maintain books and records separate from any other person or entity;

(b) maintain its accounts separate from those of any other person or entity;

(c) not commingle assets with those of any other entity (other than collections in respect of the Loans, which may be placed in an account in the name of the relevant Series Portfolio Seller);

(d) conduct its own business in its own name;

(e) maintain separate financial statements;

(f) pay its own liabilities out of its own funds;

(g) observe all corporate, partnership, or other formalities required by the constituting documents (including for the avoidance of doubt, maintaining adequate capital for its operations in respect of the relevant Series);

(h) maintain an arm's length relationship with its affiliates (if any);

(i) not acquire obligations or securities of its partners or shareholders;

(j) use separate stationery, invoices and checks; and

(k) hold itself out as a separate entity.

## 5. REDENOMINATION

### (a) Redenomination

Where redenomination is specified in the applicable Supplement as being applicable, the Issuer will, after prior consultation with the Series Note Trustee, but without the consent of the Noteholders and the Couponholders, on giving prior notice to the Series Principal Paying Agent, DTC, Euroclear and/or Clearstream, Luxembourg (as applicable) and at least 30 days' prior notice to the Noteholders in accordance with Condition 19 (*Notices*), elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

- (i) the Notes denominated in Sterling shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each Note equal to the principal amount of that Note in the Specified Currency, converted into euro at the Established Rate, provided that, if the then market practice in respect of the redenomination into euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Series Note Trustee, the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Series Agents of such deemed amendments;
- (ii) save to the extent that an Exchange Notice (as defined below) has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (iii) if Definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denomination of euro 50,000 and/or such higher amounts as the Issuer may determine and notify to the Noteholders and any remaining amounts less than euro 50,000 shall be redeemed by the Issuer and paid to the Noteholders in euro in accordance with Condition 9; and
- (iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in Sterling (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement euro-denominated Notes and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes so issued will also become void on that date although those Notes will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes and Coupons will be issued in exchange for Notes and Coupons denominated in Sterling in such manner as the Series Note Trustee may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;
- (v) after the Redenomination Date, all payments in respect of the Notes and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to Sterling were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;

- (vi) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Distribution Date, it will be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest Sub-Unit of the relevant Specified Currency, half of any such Sub-Unit being rounded upwards or otherwise in accordance with applicable market convention;
  - (vii) if the Notes are Floating Rate Notes, the applicable Supplement will specify any relevant changes to the provisions relating to interest; and
  - (viii) such other changes shall be made to this Condition as the Issuer and the Series Note Trustee may agree and as may be specified in the notice, to conform it to conventions then applicable to instruments denominated in euro.
- (b) Definitions

In these Conditions, the following expressions have the following meanings:

**Established Rate** means the rate for the conversion of Sterling (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

**euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

**Redenomination Date** means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (a) above and which falls on or after the date on which the United Kingdom first participates in the third stage of European economic and monetary union;

**Relevant Notes** means all Notes where the applicable Supplement provides for a minimum Specified Denomination in the Specified Currency which is equivalent to at least euro 50,000 and which are admitted to trading on a regulated market in the European Economic Area; and

**Treaty** means the Treaty establishing the European Community, as amended.

## 6. INTEREST

### (a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Distribution Date(s) in each year up to (and including) the Maturity Date.

Except as provided in the applicable Supplement, the amount of interest payable on each Distribution Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Distribution Date will, if so specified in the applicable Supplement, amount to the Broken Amount so specified.

As used in these Conditions, **Fixed Interest Period** means the period from (and including) a Distribution Date (or the Interest Commencement Date) to (but excluding) the next (or first) Distribution Date.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest Sub-Unit of the relevant Specified Currency, half of any such Sub-Unit being rounded upwards or otherwise in accordance with applicable market convention.

**Day Count Fraction** means, in respect of the calculation of an amount of interest, in accordance with this Condition 6(a):

- (i) if "Actual/Actual (ICMA)" is specified in the applicable Supplement:
  - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Distribution Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Supplement) that would occur in one calendar year; or
  - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - I. the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
    - II. the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if "30/360" is specified in the applicable Supplement, the number of days in the period from (and including) the most recent Distribution Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Terms and Conditions:

**Determination Period** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Distribution Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

**Sub-Unit** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

- (b) Interest on Floating Rate Notes

(i) Distribution Dates

Each Floating Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Distribution Date(s) in each year specified in the applicable Supplement; or
- (B) if no Specified Distribution Date(s) is/are specified in the applicable Supplement, each date (each such date, together with each Specified Distribution Date, a **Distribution Date**) which falls the number of months or other period specified as the Specified Period in the applicable Supplement after the preceding Distribution Date or, in the case of the first Distribution Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Conditions, mean the period from (and including) a Distribution Date (or the Interest Commencement Date) to (but excluding) the next (or first) Distribution Date). For so long as any of the Floating Rate Notes is represented by a Global Note held on behalf of Clearstream, Luxembourg and/or Euroclear, interest will be calculated on the full nominal amount outstanding of the relevant Notes (or, if they are partly paid Notes, the full amount paid up) and will be paid to Clearstream, Luxembourg and Euroclear for distribution by them to entitled accountholders in accordance with their usual rules and operating procedures. In respect of each definitive Floating Rate Note, interest will be calculated on its outstanding nominal amount (or, if it is a partly paid Note, the amount paid up).

If a Business Day Convention is specified in the applicable Supplement and (x) if there is no numerically corresponding day in the calendar month in which a Distribution Date should occur or (y) if any Distribution Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 6(b)(i)(B) (*Interest*) above, the Floating Rate Convention, such Distribution Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Distribution Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Distribution Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Distribution Date occurred; or
- (2) the Following Business Day Convention, such Distribution Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Distribution Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Distribution Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Distribution Date shall be brought forward to the immediately preceding Business Day.

In these Terms and Conditions, **Business Day** means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Supplement; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre) or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System (the **TARGET System**) is open.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Supplement.

(A) ISDA Determination

Where ISDA Determination is specified in the applicable Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Supplement) the Margin (if any). For the purposes of this sub paragraph (A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Series Agent Bank under an interest rate swap transaction if the Series Agent Bank were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (1) the Floating Rate Option is as specified in the applicable Supplement;
- (2) the Designated Maturity is a period specified in the applicable Supplement; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter bank offered rate (**LIBOR**) or on the Euro-zone inter-bank offered rate (**EURIBOR**), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Supplement.

For the purposes of this sub paragraph (A), **Floating Rate**, **Calculation Agent**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination

Where Screen Rate Determination is specified in the applicable Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Supplement) the Margin (if any), all as determined by the Series Agent Bank. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Series Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Series Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Supplement as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Supplement.

(iii) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) Determination of Rate of Interest and calculation of Interest Amounts

The Series Agent Bank will at, or as soon as practicable after, each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Series Agent Bank will calculate the amount of interest (the **Interest Amount**) payable in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest Sub-Unit of the relevant Specified Currency, half of any such Sub-Unit being rounded upwards or otherwise in accordance with applicable market convention.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 6(b):

- (A) if "Actual/365" or "Actual/Actual" is specified in the applicable Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
  - (B) if "Actual/365 (Fixed)" is specified in the applicable Supplement, the actual number of days in the Interest Period divided by 365;
  - (C) if "Actual/365 (Sterling)" is specified in the applicable Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of a Distribution Date falling in a leap year, 366;
  - (D) if "Actual/360" is specified in the applicable Supplement, the actual number of days in the Interest Period divided by 360;
  - (E) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Supplement, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
  - (F) if "30E/360" or "Eurobond Basis" is specified in the applicable Supplement, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of the final Interest Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).
- (v) Notification of Rate of Interest and Interest Amounts

The Series Agent Bank will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Distribution Date to be notified to the Issuer, the Series Principal Paying Agent, the Series Administrator, the Series Note Trustee and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 19 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter.



Each Interest Amount and Distribution Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to the Series Note Trustee, each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 19 (*Notices*). For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(vi) Determination and/or Calculation by Series Note Trustee

If the Series Agent Bank does not at any time for any reason determine the Rate of Interest and/or calculate the Interest Amount in accordance with the foregoing paragraphs, the Series Note Trustee shall (A) determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described above), it shall deem fair and reasonable in all the circumstances and/or (as the case may be) (B) calculate the Interest Amount in the manner specified in paragraph (iv) above, and any such determination and/or calculation shall be deemed to have been made by the Series Principal Paying Agent or other person specified in the applicable Supplement as the party responsible for calculating the Rate of Interest and Interest Amount.

(vii) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6(b) (*Interest – Interest on Floating Rate Notes*) shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Series Note Trustee, the Series Principal Paying Agent, the other Series Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Series Note Trustee, the Noteholders or the Couponholders shall attach to the Series Principal Paying Agent or the Series Note Trustee in connection with the exercise or non exercise by them of any of their powers, duties and discretions pursuant to such provisions.

(c) Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date of its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused or default is otherwise made in respect thereof. In such event, interest will continue to accrue until whichever is the earlier of:

- (i) the date on which all amounts due in respect of such Note have been paid; and
- (ii) seven days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Series Principal Paying Agent or the Series Registrar, as the case may be, and notice to that effect has been given to the Series Note Trustee and to the Noteholders in accordance with Condition 19 (*Notices*),

except to the extent that there is any subsequent default in payment. Any interest shortfall shall accrue interest during each Interest Period during which it remains outstanding in accordance with Condition 7(d) below.

## 7. DEFERRAL OF INTEREST AND PRINCIPAL

- (a) Interest on the Notes shall be payable in accordance with Condition 6 (*Interest*), Condition 8 (*Payments*) and the applicable Supplement, except that if deferral of interest is indicated in the applicable Supplement in respect of a Class of Notes (except the Class or Classes of Notes ranking most senior in the applicable Series Post-Acceleration Priority of Payments set out in the relevant Supplement):
- (i) in the event that the aggregate funds (if any) calculated in accordance with the Priority of Payments set out in the relevant Supplement as being available to the Issuer on any Distribution Date for application in or towards the payment of interest on such Class of Notes which is due on such Distribution Date (such aggregate available funds being referred to in this Condition 7(a) as the **Relevant Residual Amount**) are not sufficient to satisfy in full the aggregate amount of interest which is, subject to this Condition 7(a), due on such Class of Notes on such Distribution Date, there shall be payable on such Distribution Date, by way of interest on each Note of such Class, a pro rata share of the Relevant Residual Amount; and
  - (ii) in the event that, by virtue of the provisions of sub-paragraph (i) above, a pro rata share of the Relevant Residual Amount or, as the case may be, nothing is paid to Noteholders of any Class in accordance with such provisions, the Issuer (or the Series Calculation and Reporting Agent on its behalf) shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of interest paid on such Class of Notes on any Distribution Date in accordance with this Condition 7(a) falls short of the aggregate amount of interest otherwise payable on such Class of Notes on that date pursuant to the provisions of Condition 6 (*Interest*) and the applicable Supplement. Such shortfall shall accrue interest at a rate for each Interest Period during which it is outstanding equal to the applicable rate for such Class of Notes for such Interest Period. The amount of such shortfall plus any interest accrued thereon shall be aggregated with the amount of, and treated for the purpose of Condition 6 (*Interest*) as if it were, interest due, subject to this Condition 7(a), on such Class of Notes on the next succeeding Distribution Date.
- (b) Principal on the Notes shall be payable in accordance with Condition 8 (*Payments*) and Condition 9 (*Redemption and Series Post-Enforcement Call Option*) and the applicable Supplement, except that if deferral of principal is indicated in the applicable Supplement in respect of a Class of Notes (except the Class or Classes of Notes ranking most senior in the applicable Series Post-Acceleration Priority of Payments set out in the relevant Supplement):
- (i) in the event that the aggregate funds (if any) calculated in accordance with the Series Pre-Acceleration Principal Priority of Payments set out in the applicable Supplement as being available to the Issuer on any Distribution Date for application in or towards the payment of principal on such Class of Notes which is, due on such Distribution Date (such aggregate available funds being referred to in this Condition 7(b) as the **Principal Residual Amount**) are not sufficient to satisfy in full the aggregate amount of principal which is, subject to this Condition 7(b), due on such Class of Notes on such Distribution Date, there shall be payable on such Distribution Date, by way of principal on each Note of such Class, a pro rata share of the Principal Residual Amount; and
  - (ii) in the event that, by virtue of the provisions of sub-paragraph (i) above, a pro rata share of the Principal Residual Amount or, as the case may be, nothing is paid to Noteholders of a Class in accordance with such provisions, the Issuer (or the Series Calculation and Reporting Agent on its behalf) shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of principal paid on such Class of Notes on any

Distribution Date in accordance with this Condition 7(b) falls short of the aggregate amount of principal otherwise payable on such Class of Notes on that date pursuant to the provisions of Condition 8 (*Payments*), Condition 9 (*Redemption and Series Post-Enforcement Call Option*) and the applicable Supplement. Such shortfall shall accrue interest at a rate for each Interest Period during which it is outstanding equal to the applicable rate for such Class of Notes for such Interest Period and shall be payable together with such accrued interest on the following Distribution Date subject to the provisions of Condition 7(a) (in the case of such accrued interest) and this Condition 7(b) (in the case of such shortfall of principal).

- (c) Any amounts of principal or interest in respect of a Class of Notes otherwise payable under these Conditions which are not paid by virtue of this Condition 7, together with accrued interest thereon, shall in any event become payable on the Distribution Date falling on the Final Maturity Date indicated in the applicable Supplement or on such earlier date as the relevant Class of Notes become subject to redemption in accordance with Condition 9 (*Redemption and Series Post-Enforcement Call Option*) subject to the applicable Supplement or as the relevant Class of Notes become immediately due and repayable under Condition 12 (*Series Events of Default*).
- (d) As soon as practicable after becoming aware that any part of a payment of interest or principal on a Class of Notes will be deferred or that a payment previously deferred will be made in accordance with this Condition 7, the Issuer will give notice thereof to the Series Note Trustee and the relevant Class of Noteholders in accordance with Condition 19 (*Notices*). Any deferral of interest in accordance with this Condition 7 will not constitute a Series Event of Default.

## **8. PAYMENTS**

- (a) Method of payment

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency; and
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 10 (*Taxation*).

- (b) Presentation of Bearer Definitive Notes and Coupons

Payments of principal in respect of Bearer Definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Bearer Definitive Notes, and payments of interest in respect of Bearer Definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Series Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 11 (*Prescription*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 11 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Distribution Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any Bearer Definitive Note is not a Distribution Date, interest (if any) accrued in respect of such Note from (and including) the preceding Distribution Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Bearer Definitive Note.

(c) Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to Bearer Definitive Notes and otherwise in the manner specified in the relevant Bearer Global Note against presentation or surrender, as the case may be, of such Bearer Global Note at the specified office of any Series Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Bearer Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Note by the Series Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

(d) Payments in respect of the Global Detachable Coupons

Payments of interest in respect of the Global Detachable Coupons will be made against presentation and surrender of the Global Detachable Coupons at the specified office of any Series Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Detachable Note will be made on such Global Detachable Coupon by or on behalf of the Series Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

(e) Payments in respect of Registered Notes

Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Series Registrar or any of the Series Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Series Registrar (the **Register**) at the close of business on 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 Series Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Series Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the **Record Date**) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Series Registrar not less than three business days in the city where the specified office of the Series Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Series Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Series Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Series Registrar to an account in the relevant Specified Currency of the Series Exchange Rate Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Series Agency Agreement.

None of the Issuer, the Series Note Trustee or the Series Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(f) General provisions applicable to payments

The holder of a Global Instrument shall be the only person entitled to receive payments in respect of Notes represented by such Global Instrument and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Instrument in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Instrument must look solely to Euroclear, Clearstream, Luxembourg or DTC, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Instrument.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Series Paying Agent in the United States if:

- (i) the Issuer has appointed Series Paying Agents with specified offices outside the United States with the reasonable expectation that such Series Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer's tax advisors, adverse tax consequences to the Issuer.

(g) Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 11 (*Prescription*)) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) the relevant place of presentation;
  - (B) London; and
  - (C) any Additional Financial Centre specified in the applicable Supplement;
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre) or (2) in relation to any sum payable in euro, a day on which the TARGET System is open; and
- (iii) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee

and in respect of which a participant in DTC (with an interest in such Registered Global Note) has notified DTC to make any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

(h) Interpretation of principal and interest

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) the Final Redemption Amount of the Notes;
- (ii) the Early Repayment Amount of the Notes;
- (iii) the Optional Redemption Amount(s) (if any) of the Notes; and
- (iv) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes as specified in the applicable Supplement.

(i) Indemnity

If, on any due date, payment of the due amount of principal or interest is improperly withheld or refused on or in respect of any Global Instrument or part thereof by any Series Agent, the Issuer will indemnify the affected Noteholders by paying to such Noteholders a sum calculated as the amount so withheld or refused plus an amount calculated as equal to the amount of interest which would have accrued in accordance with Condition 6 (*Interest*) if payment of such amount had been paid by the Issuer to the Noteholders on the relevant due date (as well after as before any judgment or decree) up to (but excluding) the date on which all sums due in respect of such Global Note up to that day are received by the relevant Noteholder, payment under such indemnity to be due without demand from the relevant due date.

**9. REDEMPTION AND SERIES POST-ENFORCEMENT CALL OPTION**

(a) Redemption at maturity

Unless previously redeemed, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Supplement in the relevant Specified Currency on the Maturity Date specified in the applicable Supplement.

The Issuer may not redeem Notes in whole or in part prior to their Maturity Date except as provided in this Condition but without prejudice to Condition 12 (*Series Events of Default*).

(b) Mandatory redemption in part

In relation to any Class of Notes, on each Distribution Date, other than the Distribution Date on which the Notes of such Class are to be redeemed under paragraph (a) above or (d) or (e) below, the Issuer shall make redemptions of the Notes of such Class in accordance with the Series Pre-Acceleration Principal Priority of Payments set out in the applicable Supplement.

The Series Calculation and Reporting Agent is responsible, pursuant to the Series Cash Management Agreement, for determining the amount of the Actual Redemption Funds as at any Determination Date and each determination so made shall (in the absence of gross negligence, wilful default, bad faith or manifest error) be final and binding on the Issuer, the Series Note Trustee and all

Noteholders and no liability to the Noteholders shall attach to the Issuer, the Series Note Trustee or (in such absence as aforesaid) the Series Calculation and Reporting Agent in connection therewith.

(c) Note Principal Payments, Principal Amount Outstanding and Pool Factor

The principal amount redeemable in respect of each Note of any Class (the **Note Principal Payment**) on any Distribution Date under paragraph (b) above shall be the amount of the Actual Redemption Funds on the Determination Date immediately preceding that Distribution Date to be applied in redemption of the Notes of such Class (in the case of Notes not denominated in Sterling, converted into Sterling by reference to the relevant Currency Swap Rate under the relevant Series Currency Swap Agreement) multiplied by the Principal Amount Outstanding of a Note of such Class and divided by the aggregate Principal Amount Outstanding of the Notes of such Class outstanding on the relevant Distribution Date (rounded down to the nearest Sub-Unit of the relevant Specified Currency); provided always that no such Note Principal Payment may exceed the Principal Amount Outstanding of the relevant Note.

With respect to the Notes of each Class on (or as soon as practicable after) each Determination Date, the Issuer shall determine (or cause the Series Calculation and Reporting Agent to determine) (i) the amount of any Note Principal Payment due on the Distribution Date next following such Determination Date, (ii) the Principal Amount Outstanding of each Note of such Class on the Distribution Date next following such Determination Date (after deducting any Note Principal Payment due to be made on that Distribution Date) and (iii) the fraction expressed as a decimal to the sixth point (the **Pool Factor**), of which the numerator is the Principal Amount Outstanding of a Note of such Class (as referred to in (ii) above) and the denominator is the denomination of a Note of such Class. Each determination by or on behalf of the Issuer of any Note Principal Payment, the Principal Amount Outstanding of a Note and the Pool Factor shall in each case (in the absence of negligence, wilful default, bad faith or manifest error) be final and binding on all persons.

With respect to each Class of Notes, the Issuer will provide written notice (or cause the Series Calculation and Reporting Agent to provide written notice) to the Series Note Trustees, the Series Paying Agents, the Series Agent Bank and (for so long as the Notes of such Class are listed on one or more stock exchanges) of each determination of a Note Principal Payment, Principal Amount Outstanding and Pool Factor, and will immediately cause notice of each such determination to be given in accordance with Condition 19 (*Notices*) by not later than two Business Days prior to the relevant Distribution Date. If no Note Principal Payment is due to be made on the Notes of any Class on any Distribution Date a notice to this effect will be given to the Noteholders of such Class.

If the Issuer does not at any time for any reason determine (or cause the Series Calculation and Reporting Agent to determine) with respect to each Class of Notes, a Note Principal Payment, the Principal Amount Outstanding or the Pool Factor (as the case may be) in accordance with the preceding provisions of this Condition 9(c), such determination may be made by the Series Note Trustee in accordance with the preceding provisions of this Condition 9(c) and each such determination or calculation shall be deemed to have been made by the Issuer.

(d) Redemption for Tax reasons

If immediately prior to giving the notice referred to below on or after the Issue Date, the Issuer (acting reasonably) satisfies the Series Note Trustee that either:

- (i) on the next Distribution Date the Issuer would be required by reason of a change in law which becomes effective on or after the Issue Date, or the interpretation, application or administration thereof, to deduct or withhold from any payment of principal or interest on the Notes (other than in respect of default interest), any amount for or on account of any



present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any political subdivision thereof or any authority thereof or therein, or

- (ii) the total amount payable in respect of interest in relation to any of the Loans during an Interest Period ceases or would cease to be receivable (whether by reason of any Borrower being obliged to deduct or withhold any amount in respect of tax therefrom or otherwise, or where the Issuer is treated as receiving amounts in relation to interest on the Loans which are not in fact received) by the Issuer during such Interest Period,

then the Series Administrator may, having given not less than 30 nor more than 60 days' notice to the Series Note Trustee, the Series Principal Paying Agent and, in accordance with Condition 19 (*Notices*), the Noteholders (which notice shall be irrevocable), require the Issuer to redeem and following the giving of such notice, the Issuer shall be required to redeem, all (but not some only) of the Notes, at any time (if this Note is not a Floating Rate Note) or on any Distribution Date (if this Note is a Floating Rate Note), provided that, prior to giving such notice, the Issuer shall have provided to the Series Note Trustee (a) a certificate signed by two directors of the Issuer to the effect that it will have the funds, not subject to the interest of any other person, required to redeem the Notes and pay all amounts ranking in priority thereto as aforesaid and (b) a legal opinion (in form and substance satisfactory to the Series Note Trustee) from a firm of lawyers in England (approved in writing by the Series Note Trustee) opining on the relevant change in tax law (or interpretation, application or administration thereof), or, as the case may be, such interest ceasing to be so receivable.

The Series Note Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the circumstances set out in (i) and (ii) above, in which event they shall be conclusive and binding on the Noteholders.

Notes redeemed pursuant to this Condition 9(d) (*Redemption and Series Post-Enforcement Call Option – Redemption for Tax reasons*) will be redeemed at the Early Repayment Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(e) Optional Redemption

- (i) If Optional Redemption (Minimum Amount Outstanding) is specified in the applicable Supplement and subject as provided in the Supplement and paragraph (iii) below, the Series Administrator may, having given not less than 30 nor more than 60 days' notice to the Series Note Trustee and to the Noteholders in accordance with Condition 19 (*Notices*) (which notices shall be irrevocable and shall specify the date fixed for redemption), require the Issuer to redeem and, following the giving of such notice, the Issuer shall be obliged to redeem, all (but not some only) of the Notes of such Series then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Supplement together with interest accrued to (but excluding) the relevant Optional Redemption Date.
- (ii) If Optional Redemption (Step-Up Date) is specified in the applicable Supplement and subject as provided in the Supplement and paragraph (iii) below, the Series Administrator may, having given not less than 30 nor more than 60 days' notice to the Series Note Trustee and to the Noteholders in accordance with Condition 19 (*Notices*) (which notices shall be irrevocable and shall specify the date fixed for redemption), require the Issuer to redeem and, following the giving of such notice, the Issuer shall be obliged to redeem, all (but not some only) of the Notes of such Series then outstanding on any Distribution Date on or after the Step-Up Date and at the Optional Redemption Amount(s) specified in, or determined in

the manner specified in, the applicable Supplement together with interest accrued to (but excluding) the relevant Distribution Date on which the Notes are to be redeemed.

- (iii) Prior to giving any such notice under paragraph (i) or (ii) above, the Issuer shall provide to the Series Note Trustee a certificate signed by two directors of the Issuer to the effect that it will have the funds, not subject to any interest of any other person, required to redeem the Notes and to pay or make provision for all amounts ranking in priority thereto in accordance with the relevant Series Priorities of Payments.
- (iv) The Series Note Trustee shall be entitled to accept such certificate as sufficient evidence of the circumstances set out above, in which event it shall be conclusive and binding on the Noteholders.

(f) Early Repayment Amounts

For the purpose of paragraph (d) above and Condition 12 (*Series Events of Default*), each Note will be redeemed at its Early Repayment Amount specified in, or calculated in the manner specified in, the applicable Supplement.

(g) Purchases

The Issuer shall not purchase any Notes at any time.

(h) Cancellation

All Notes which are redeemed in full will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption) and may not be resold or re-issued.

(i) Series Post-Enforcement Call Option

- (A) Where the applicable Supplement specifies that a Series Post-Enforcement Call Option Agreement is to be entered into, all of the Noteholders of any Class in a Series will, at the request of the Series Note Trustee, sell all (but not some only) of their holdings of the Notes of such Class to the PECO Holder pursuant to the option granted to PECO Holder by the Series Note Trustee (as agent for the Noteholders) to acquire all (but not some only) of the Notes of such Class (plus accrued interest thereon), for the consideration of one penny per Note of such Class outstanding, in the event that the Security Trustee has given a notice under Clause 4.2(g) of the Intercreditor Deed.

Furthermore, each of the Noteholders of such Class grants to the Series Note Trustee and acknowledges that the Series Note Trustee has the authority and the power to bind the Noteholders of such Class in accordance with the terms and conditions set out in the relevant Series Post-Enforcement Call Option Agreement and each Noteholder of such Class by subscribing for or purchasing the relevant Note(s) agrees to be so bound and ratifies the Series Note Trustee's entry into the relevant Series Post-Enforcement Call Option Agreement on its behalf.

- (B) Where the applicable Supplement does not specify that a Series Post-Enforcement Call Option Agreement is to be entered into, each Noteholder agrees and acknowledges that:

- I. only the Security Trustee may enforce the Security and the other provisions of the Transaction Documents in favour of the Security Trustee in accordance with the terms and conditions of the Intercreditor Deed and the Security Deed; and
- II. it will not take any steps, actions or proceedings against the Issuer or its assets for the purpose of recovering any of the Secured Liabilities (including by exercising any rights of set off) or procuring the winding up, administration or any similar proceeding in respect of the Issuer.

To the extent that there are amounts still owed to the Noteholders in relation to the Series after the Security Trustee has determined that the Security over the Series Assets relating to such Series has been enforced and as fully as practicable realised:

- I. no Noteholder nor the Security Trustee nor the Note Trustee in relation to such Series may take any further steps, actions or proceedings against the Issuer or any of its assets to recover any sum still unpaid in respect of the Secured Liabilities in respect of such Series including, without limitation, any sum or liability in respect of which an amount would or could, if the relevant funds had been available, have been or become payable to any Noteholder under the Series Priorities of Payments (save for the Security Trustee taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer and save for the right to claim the full amount due to the Series Secured Creditors in relation to such Series in any proceedings to wind up the Issuer); and
- II. each Noteholder will cease to be a Series Secured Creditor in relation to such Series and will become a Programme Secured Creditor.

## 10. TAXATION

All payments in respect of the Notes and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes, duties, assessment or charges of whatever nature unless the Issuer or any Series Paying Agent (as applicable) is required by applicable law to make any payment in respect of the Notes or Coupons subject to any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or charges or whatsoever nature. In such event, the Issuer or the Series Paying Agent (as applicable) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. No Series Agent, the Issuer or any other person will be obliged to make any additional payments to holders of Notes in respect of such withholding or deduction.

## 11. PRESCRIPTION

The Notes (whether in bearer or registered form) and Coupons will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date therefor. After the date on which a Note becomes void in its entirety, no claim may be made in respect thereof. In this Condition, the **Relevant Date** in respect of any Note means the date on which a payment in respect thereof first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Series Principal Paying Agent, the Series Registrar or the Series Note Trustee, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Series Note Trustee and to Noteholders in accordance with Condition 19 (*Notices*).

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 8(b) (*Payments – Presentation of Bearer Definitive Notes and Coupons*) or any Talon which would be void pursuant to Condition 8(b) (*Payments – Presentation of Bearer Definitive Notes and Coupons*).

## 12. SERIES EVENTS OF DEFAULT

- (a) The Series Note Trustee at its absolute discretion may, and if so directed in writing by the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class of Notes then outstanding ranking most senior in the applicable Series Post-Acceleration Priority of Payments set out in the relevant Supplement (or, where two or more Classes of *pari passu* ranking Notes rank most senior, any of such Classes of Notes then outstanding) or if so directed by an Extraordinary Resolution (as defined in the Series Trust Deed) of the holders of the Class of Notes then outstanding ranking most senior in the applicable Series Post-Acceleration Priority of Payments set out in the relevant Supplement (or, where two or more Classes of *pari passu* ranking Notes rank most senior, any of such Classes of Notes then outstanding) shall, (subject, in each case, to being indemnified and/or secured to its satisfaction) (but, in the case of the happening of any of the events described in sub-paragraph (ii), only if the Series Note Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the holders of the Class or Classes of Notes ranking most senior in the Series Post-Acceleration Priority of Payments set out in the relevant Supplement), give notice (a **Series Acceleration Notice**) to the Issuer declaring the Security over the Series Assets relating to the relevant Series is enforceable by the Security Trustee and that all Classes of the Notes of the relevant Series are immediately due and repayable at their Early Repayment Amount as provided in the Series Trust Deed, if any of the following events (each, a **Series Event of Default**) has occurred and is continuing, but subject as provided in Condition 12(b):
- (i) default being made for a period of ten Business Days or more in the payment of principal of or any interest on any Note of the Class or, as the case may be, any of the Classes referred to above when and as the same ought to be paid in accordance with these Conditions provided that a deferral of interest or principal in accordance with Condition 7 (*Deferral of Interest and Principal*) shall not constitute a default in the payment of such interest or principal for the purposes of this Condition 12; or
  - (ii) the Issuer or the Parent failing duly to perform or observe any other obligation binding upon it under the Notes, the Series Trust Deed or the Security Deed as applicable and, in any such case (except where the Series Note Trustee determines that, in its opinion, such failure is incapable of remedy, when no notice will be required) such failure is continuing for a period of 30 days (or such longer period as the Series Note Trustee may permit) following the service by the Series Note Trustee on the Issuer or the Parent (as the case may be) of notice requiring the same to be remedied; or
  - (iii) the occurrence of a Programme Insolvency Event; or
  - (iv) the Issuer or the Parent (other than for the purpose of a solvent amalgamation or reconstruction of the Issuer on terms previously approved in writing by the Security Trustee or by an Extraordinary Resolution of the holders of the Class or, as the case may be, Classes of Notes ranking most senior in the Series Post-Acceleration Priority of Payments set out in the applicable Supplement) ceases or, through or consequent upon an official action of the board of directors of the Issuer, threatens to cease to carry on business or a substantial part of its business other than in relation to the Series Assets relating to another Series; or

- (v) the occurrence of any of the events specified as a Series Event of Default in respect of that Series in the applicable Supplement.

If a Series Event of Default has occurred, the Series Note Trustee may direct (or, if certain conditions are met as in described Condition 13 (*Enforcement*), must direct) the Security Trustee to give notice to the Issuer declaring the Security over the Series Assets relating to the relevant Series to be enforceable by the Security Trustee (a **Series Enforcement Notice**).

Neither the Series Note Trustee nor the Security Trustee is required to make any investigation at any time as to whether any Series Event of Default has occurred, or whether any party has failed to comply with its obligations under any Transaction Document. The Series Trust Deed provides that the Series Note Trustee is entitled to rely on certificates of compliance provided by the Issuer to ascertain whether any Series Event of Default has occurred and whether the Issuer has complied with its obligations under the Transaction Documents.

Upon any Series Acceleration Notice being given by the Series Note Trustee that the Notes are due and repayable, all the Classes of the Notes of the relevant Series shall immediately become due and repayable at the Early Repayment Amount specified in or calculated in the manner specified in the applicable Supplement, together with accrued interest as provided in the Series Trust Deed.

So long as any part of the Notes remains outstanding the Issuer will, upon becoming aware of the occurrence of any Series Event of Default, give notice in writing thereof to the Series Note Trustee and any Series Hedge Provider in respect of that Series.

- (b) In the case of a Series Event of Default other than as referred to in (a)(i) and (iii), the Series Note Trustee will not be entitled to give a Series Acceleration Notice to the Issuer as provided in this Condition 12 unless a financial adviser approved by the Series Note Trustee has confirmed that, in its opinion, either (i) a sufficient amount would be realised, upon enforcement of the Security over the relevant Series Assets, to allow discharge in full of all amounts owing to the Noteholders of the relevant Series or (ii) a sufficient amount would not be so realised but the resulting shortfall is likely to be less than the shortfall that would result from not giving a Series Acceleration Notice and enforcing the Security over the relevant Series Assets. The cost of such financial adviser shall be borne by the Issuer.
- (c) **Programme Insolvency Event** means any corporate action, legal proceedings, formal application or other procedure or step taken in relation to or with a view to:
  - (i) a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of or in relation to the Issuer other than in relation to a solvent liquidation or reorganisation of the Issuer on terms previously approved in writing by the Security Trustee acting in accordance with the Intercreditor Deed; or
  - (ii) the appointment of a liquidator (other than in respect of a solvent liquidation of the Issuer on terms previously approved in writing by the Security Trustee acting in accordance with the Intercreditor Deed), receiver (other than the appointment of a receiver in respect of some but not all of the Issuer's and/or the Parent's assets under the Security Deed), administrator (including, but not limited to, application to the court for an administration order, the filing of documents with the court for the appointment of an administrator or the service of a notice of intention to appoint an administrator), administrative receiver, compulsory manager or other similar officer in respect of the Issuer or the Parent or any of their respective assets other than in relation to the Series Assets relating to some but not all of the outstanding Series; or

- (iii) any expropriation, attachment, sequestration, distress, execution or diligence affects any asset of the Issuer or the Parent and is not discharged within 15 Business Days (or such other period previously approved in writing by the Security Trustee acting in accordance with the Intercreditor Deed),

or any analogous corporate action, legal proceedings or other procedure or step taken in respect of the Issuer or its assets in any jurisdiction.

(d) For the avoidance of doubt:

- (i) the occurrence of a Series Event of Default in relation to any Series (other than a Programme Insolvency Event); or
- (ii) the occurrence of any breach of any Series Document relating to any Series; or
- (iii) the Security over the Series Assets relating to any Series becoming enforceable (other than in relation to a Programme Insolvency Event); or
- (iv) any action being taken to realise and/or enforce the Security over the Series Assets relating to any Series (other than in relation to a Programme Insolvency Event),

shall not:

- (A) constitute a Series Event of Default in relation to any other Series;
- (B) entitle any action to be taken under Condition 12 (*Series Events of Default*) or Condition 13 (*Enforcement*) in respect of any other Series;
- (C) cause the Notes of any other Series to become due and repayable; or
- (D) cause the Security over the Series Assets relating to any other Series to become enforceable.

### 13. ENFORCEMENT

The Security over the Series Assets relating to a Series shall become enforceable upon the giving of a Series Acceleration Notice (and the Notes of such Series shall be immediately due and repayable) or Series Enforcement Notice in respect of the relevant Series. The Security over the Series Assets relating to a Series shall also become enforceable upon the appointment of an administrative receiver pursuant to Clause 9.3 of the Intercreditor Deed in which case Available Revenue Funds of such Series shall be applied in accordance with the Series Post-Enforcement, Pre-Acceleration Revenue Priority of Payments.

The Series Note Trustee may, subject to the terms of the Intercreditor Deed, at its discretion and without further notice, take such proceedings as it may think fit to enforce the provisions of the Transaction Documents specified in the applicable Supplement (including giving directions to the Security Trustee for the giving of a Series Enforcement Notice and the enforcement of the Security over the Series Assets relating to such Series). The relevant Series Note Trustee shall not be bound to take any such proceedings (including giving such directions to the Security Trustee) unless (x) it shall have been so directed by an Extraordinary Resolution of the holders of the Class of Notes ranking most senior in the Series Post-Acceleration Priority of Payments set out in the applicable Supplement (or, where two or more Classes of *pari passu* ranking Notes rank most senior, any of such Classes of Notes then outstanding) and (y) it shall have been indemnified and/or secured to its satisfaction. The Security Trustee shall not, and shall not be bound to, give a Series Enforcement

Notice or enforce the Security over the Series Assets relating to such Series unless (x) it shall have been so directed by the relevant Series Note Trustee and (y) it shall have been indemnified and/or secured to its satisfaction. No Noteholder may take any action against the Issuer to enforce its rights in respect of the Notes or to enforce all or any of the Security constituted by the Security Deed otherwise than through the Series Note Trustee or the Security Trustee.

#### 14. MEETINGS OF NOTEHOLDERS, MODIFICATION, CONSENT AND WAIVER

The Series Trust Deed contains provisions for convening meetings of each Class of the Noteholders in a Series to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of such Class of a modification of the Notes and the Coupons of the relevant Class and, where applicable, (but subject to the limitations contained in the Series Trust Deed), the modification of the Notes of other Classes (including these Conditions as they relate to the Notes of the relevant Class) or any of the provisions of the Transaction Documents specified in the applicable Supplement. The quorum at any meeting or adjourned meeting of the Noteholders of any Class of Notes in respect of a Series for passing an Extraordinary Resolution is two or more persons holding or representing over 50 per cent. in nominal amount of the Notes of the relevant Class for the time being outstanding, except that at any meeting the business of which includes the sanctioning of a Basic Terms Modification, the quorum shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting, over 50 per cent. in nominal amount of the Notes of the relevant Class for the time being outstanding. An Extraordinary Resolution passed by a majority of not less than 75 per cent. of the votes cast shall be binding on all the Noteholders of the relevant Class, whether or not they are present at the meeting, and on all Couponholders.

In the event there is only one holder of a Class of Notes, such person will be deemed to constitute two persons for the purposes of forming a quorum for such meetings in accordance with this Condition 14.

A **Basic Terms Modification**, as further defined in and for the purposes of each Series Trust Deed, includes, but is not limited to, a modification to the date of maturity of the Notes of the relevant Class or a modification which would have the effect of postponing any day for payment of interest in respect of such Notes (other than in respect of the deferral of interest on such Notes which is provided for in the Conditions), the reduction or cancellation of the amount of principal payable in respect of such Notes or any alteration of the priority of such Notes.

An Extraordinary Resolution of the holders of any Class of Notes of any Series shall be binding on the holders of all other Classes of Notes of such Series ranking junior to, in the Series Post-Acceleration Priorities of Payments set out in the applicable Supplement, such Class of Notes and on the holders of all other Instruments of such Series, except in the case of an Extraordinary Resolution to sanction a Basic Terms Modification which shall not be binding unless the Series Note Trustee is of the opinion that it will not be materially prejudicial to the respective interests of the holders of the junior ranking Classes of Notes and other Instruments referred to above or it is sanctioned by Extraordinary Resolution of the holders of each of the junior ranking Classes of Notes and other Instruments referred to above.

Other than an Extraordinary Resolution to sanction a Basic Terms Modification, an Extraordinary Resolution of the holders of any Class of Notes or other Instruments of any Series shall be effective when, *inter alia*, the Series Note Trustee is of the opinion that it will not be materially prejudicial to the respective interests of the holders of all other Classes of Notes of such Series ranking *pari passu* with, or senior to, in the Series Post-Acceleration Priorities of Payments set out in the applicable Supplement, such Class of Notes or, in the case of an Extraordinary Resolution of the holders of Instruments other than the Notes, the respective interests of the holders of all Classes of Notes of such Series or it is sanctioned by Extraordinary Resolution of the holders of each of such other

Classes of Notes or, in the case of an Extraordinary Resolution of the holders of Instruments other than Notes, Extraordinary Resolution of the holders of each of the Classes of Notes of such Series (except in the case of an Extraordinary Resolution directing the Series Note Trustee to give a Series Acceleration Notice under Condition 12 (*Series Events of Default*), as to which the provisions of Condition 12 (*Series Events of Default*) shall apply or to take any proceedings as referred to in Condition 13 (*Enforcement*), as to which the provisions of Condition 13 shall apply). An Extraordinary Resolution passed at any meeting of the Noteholders of any Class shall be binding on all Noteholders of the relevant Class, whether or not they are present at the meeting.

Subject to the succeeding paragraph, the Series Note Trustee may agree, without the consent of the Noteholders of any Class, (a) to any modification (except a Basic Terms Modification) of, or to the waiver or authorisation of any breach or proposed breach of, the Notes of such Class (including these Conditions) or any of the Transaction Documents specified in the applicable Supplement, which is not, in the opinion of the Series Note Trustee, materially prejudicial to the interests of the Noteholders of such Class, but subject always to the provisions referred to in Condition 4(b) or (b) to any modification of the Notes of such Class (including these Conditions) or any of the Transaction Documents, which in the Series Note Trustee's opinion is to correct a manifest error or is of a formal, minor or technical nature. In respect of each Class of Notes, the Series Note Trustee may also, without the consent of the Noteholders of such Class, determine that any Series Event of Default (other than a Programme Insolvency Event) or any condition, event or act which, with the giving of notice and/or lapse of time and/or the issue of a certificate and/or the making of any determination, would constitute a Series Event of Default (other than a Programme Insolvency Event) shall not, subject to specified conditions and provided that such determination is not, in the opinion of the Series Note Trustee, materially prejudicial to the interests of the Noteholders of such Class, be treated as such (but the Series Note Trustee may not make any such determination of any Series Event of Default or any such waiver or authorisation of any such breach or proposed breach of the Notes (including the Conditions) or any of the Transaction Documents specified in the applicable Supplement in contravention of an express direction of the Noteholders given by Extraordinary Resolution or a request under Condition 12 (*Series Events of Default*) or Condition 13 (*Enforcement*)). Any such modification, waiver, authorisation or determination shall be binding on the Noteholders of each such Class and, unless the Series Note Trustee agrees otherwise, any such modification shall be notified to such Noteholders in accordance with Condition 19 (*Notices*) as soon as practicable thereafter.

The Series Note Trustee shall be entitled to assume, for the purposes of exercising any power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents specified in the applicable Supplement, that such exercise will not be materially prejudicial to the interests of any Noteholders if any Rating Agency has confirmed that the then current ratings of the relevant Notes would not be adversely affected by such exercise.

#### **15. INDEMNIFICATION AND EXONERATION OF THE SERIES NOTE TRUSTEE AND SECURITY TRUSTEE**

The Series Trust Deed, Intercreditor Deed and the Security Deed contain provisions governing the responsibility (and relief from responsibility) of the Series Note Trustee and the Security Trustee, as applicable, and providing for its indemnification in certain circumstances, including provisions relieving it from taking enforcement proceedings or enforcing the Security unless indemnified and/or secured to its satisfaction. The Series Note Trustee and the Security Trustee and their related companies are entitled to enter into business transactions with, *inter alios*, the Issuer and Series Administrator, and/or related companies of either of them, without accounting for any profit resulting therefrom. Neither the Series Note Trustee nor the Security Trustee will be responsible for any loss, expense or liability which may be suffered as a result of, *inter alia*, any assets comprised in the Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or



being held by or to the order of the Series Administrator or by a clearing organisation or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Series Note Trustee or the Security Trustee, as applicable.

The Intercreditor Deed provides that the Security Trustee shall be under no obligation to make any searches, enquiries, or independent investigations of title in relation to any of the properties secured by the Mortgages and the Security Trustee shall have no responsibility or liability for the payment of any fees for the registration of the Mortgages or any other security interest with the Land Registry in England and Wales, the Northern Ireland Registries or the Registers of Scotland, or for any legal, administrative or other fees, costs and expenses (including, but not limited to, any proper disbursements and any Value Added Tax) relating thereto. The Security Trustee is not responsible for any loss or liability incurred by any person as a result of any failure by any person to protect, register or record any security interest relating to any properties secured by the Mortgages.

## **16. REPLACEMENT OF NOTES, COUPONS AND TALONS**

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Series Principal Paying Agent (in the case of Bearer Notes or Coupons) or the Series Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

## **17. SERIES AGENTS**

The Issuer is entitled, with the prior written approval of the Series Note Trustee, to vary or terminate the appointment of any Series Agent and/or appoint additional or other Series Agents and/or approve any change in the specified office through which any Series Agent acts, provided that:

- (a) there will at all times be a Series Principal Paying Agent and (in the case of Registered Notes) a Series Registrar;
- (b) so long as the Notes are listed on any stock exchange, there will at all times be a Series Paying Agent (in the case of Bearer Notes) and a Series Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority);
- (c) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be a Series Exchange Rate Agent with a specified office in New York City; and
- (d) there will at all times be a Series Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Series Paying Agent having a specified office in New York City in the circumstances described in Condition 8(f) (*Payments – General provisions applicable to Payments*). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 not more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 19 (*Notices*).

In acting under the Series Agency Agreement, the Series Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Series Note Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Series Agency Agreement contains provisions permitting any entity into which any Series Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

## **18. EXCHANGE OF TALONS**

On and after the Distribution Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Series Principal Paying Agent or any other Series Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 11 (*Prescription*).

## **19. NOTICES**

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the *Financial Times*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange (or any other relevant authority) on which the Bearer Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any Definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC.

The Series Note Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or any Class of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Series Note Trustee shall require.

**20. PROVISION OF INFORMATION**

For so long as any Rule 144A Notes remain outstanding and are "restricted securities" (as defined in Rule 144(a)(3) under the Securities Act), the Issuer shall during any period in which it is neither subject to Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, furnish, at its expense, to any holder of, or beneficial owner of an interest in, such Rule 144A Notes and to a prospective purchaser designated by such holder or beneficial owner, in connection with any resale thereof, in each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

**21. FURTHER ISSUES**

Upon receipt of notice from the Programme Financial Servicer, the Issuer will without consent of the Noteholders or the Couponholders create and issue further notes in a Series having conditions the same as the Notes of such Series or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes of such Series or Class thereof provided that the Issuer shall not be entitled to issue further notes unless it first receives confirmation from the Rating Agencies that the issue of such further notes will not affect the ratings of the existing Series or Class of Notes.

**22. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

**23. GOVERNING LAW**

The Transaction Documents specified in the applicable Supplement and the Notes are governed by, and shall be construed in accordance with, English law and are subject to the jurisdiction of the Courts of England (other than those provisions of the Transaction Documents specified in the applicable Supplement specific to any Scottish Loans, which are governed by, and shall be construed in accordance with, Scots law and those specific to any Northern Irish Loans, which are governed by, and shall be construed in accordance with, Northern Irish law).

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes (excluding the Series Subordinated Notes (if any)) (if not denominated in Sterling, after swapping the same into Sterling under the relevant Series Currency Swap Agreement) will primarily be applied by the Issuer to purchase from a Series Portfolio Seller on each Issue Date (or at a later date in respect of Series Prefunded Mortgage Pools) a Series Portfolio of Loans and their Collateral Security in accordance with the terms of a Series Portfolio Purchase Agreement. In respect of the Series Subordinated Notes (if any) of a Series the particular identified use of proceeds of such Series Subordinated Notes will be stated in the relevant Supplement.

## THE ISSUER

The Issuer was incorporated and registered in England and Wales with registered number 6135603 under the Companies Act 1985 (as amended) as a company with limited liability on 2 March 2007. The Issuer's registered office is at 35 Great St Helen's, London, EC3A 6AP, telephone number +44 (0)20 7398 6300.

The Issuer is organised as a special purpose company and its activities are limited accordingly. The Issuer has no subsidiaries. The entire issued share capital of the Issuer comprises 50,000 ordinary shares of £1.00 each, of which 49,999 are held by EuroMASTR Holdings Limited (the **Parent**) and one of which is held by the Share Nominee as nominee for the Parent under the terms of the Share Trust. All of the Parent's issued share capital is held by the Share Trustee under the terms of the Charitable Share Trust. No Series Portfolio Seller owns, directly or indirectly, any of the share capital of the Issuer.

### Principal Activities

The principal objects of the Issuer are set out in Clause 4 of its Memorandum of Association and are, amongst other things, to borrow or raise money and secure the payment of money and to grant security over its property for the performance of its obligations or the payment of money. The Issuer was established for the limited purposes of issuing the Notes, the MERCs and the Residuals, from time to time under the Programme, acquiring the Series Portfolios under a Series Portfolio Purchase Agreement and certain related transactions described elsewhere in this Offering Circular.

Under the Companies Act of 1985, the Issuer's governing documents, including the principal objects of the Issuer, may be altered by a special resolution of the shareholders. The permissible activities of the Issuer are, however, limited by the terms of the Transaction Documents and the "*Terms and Conditions of the Notes*".

The Issuer has not commenced operations and has not engaged, since its incorporation, in any activities other than those incidental to its incorporation and registration as a public limited company under the Companies Act 1985, the authorisation of the issue of the Notes, the MERCs and the Residuals and of the other documents and matters referred to or contemplated in this Offering Circular and matters which are incidental or ancillary to the foregoing.

The activities of the Issuer will be restricted by the Security Deed and will be limited to the issue of the Notes, the MERCs and the Residuals, the borrowing or raising of money to acquire Series Portfolios, the acquisition of the Series Portfolios, the exercise of related rights and powers and the other activities described in this Offering Circular. See further "*Transaction Documents – Security Deed*".

The Issuer has made notification under the Data Protection Act 1998 and is in the process of applying for a licence for the purposes of the CCA.

The Issuer has not traded since incorporation.

The auditors to the Issuer are Deloitte & Touche LLP, of Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR, whose professional body is the Institute of Chartered Accountants in England and Wales.

## **Directors and Secretary**

The directors of the Issuer, their respective business addresses and other principal activities are:

<b>Name</b>	<b>Business Address</b>	<b>Principal Activities</b>
SFM Directors Limited	35 Great St Helen's, London, EC3A 6AP	Director of special purpose companies
SFM Directors (No.2) Limited	35 Great St Helen's, London, EC3A 6AP	Director of special purpose companies

Each director has served in office since the incorporation of the Issuer.

The company secretary of the Issuer is SFM Corporate Services Limited, a company incorporated in England and Wales (registered number 03920255), whose registered office is at 35 Great St Helen's, London, EC3A 6AP and whose principal business activity is the provision of corporate services to special purpose vehicles.

In accordance with the Programme Corporate Services Agreement, the Corporate Services Provider will provide corporate services to the Issuer and the Parent. The Issuer will pay the Corporate Services Provider an annual fee for services provided under the Programme Corporate Services Agreement and as set forth in the Corporate Services Fee Letter. The appointment of the Corporate Services Provider will terminate automatically on the later of the winding up or dissolution of each of the Issuer and the Parent and the discharge by the Issuer of all Secured Liabilities, and may otherwise be terminated by the Issuer or the Parent (with the consent of the Security Trustee) or the Corporate Services Provider on no less than three months' written notice or until a substitute corporate services provider is appointed (whichever is the later). The Corporate Services Provider agrees to use all reasonable efforts to cooperate with the Issuer and the Parent and the substitute corporate services provider in effecting the termination of its rights and obligations under the Programme Corporate Services Agreement including the transfer to any substitute corporate services provider of all relevant authorities to perform the relevant obligations.

## **THE PECO HOLDER**

UBS AG, London Branch will be the PECO Holder for each Series, unless otherwise specified in the applicable Supplement. For further information on UBS AG see "*Series Portfolio Seller*" below.

## **SERIES PORTFOLIO SELLER**

### **UBS AG, LONDON BRANCH**

The relevant Series Originator or Series Originators will sell the legal title to the relevant Loans to UBS AG, London Branch. Pursuant to each Series Portfolio Purchase Agreement, UBS AG, London Branch as a Series Portfolio Seller will, in turn, sell the beneficial interest in such Loans to the Issuer on each Issue Date. UBS AG, London Branch may from time to time hold Residuals and MERCs in respect of a Series by way of deferred consideration for such Loans.

UBS AG, a company incorporated with limited liability in Switzerland on 28 February 1978 registered at the Commercial Registry Office of the Canton of Zurich and the Commercial Registry Office of the Canton of Basel-City with Identification No: CH-270.3.004.646-4 having its registered offices at Bahnhofstrasse 45, 8001 Zurich and Aeschenvorstadt 1, 4051 Basel, Switzerland.

With headquarters in Zurich and Basel, Switzerland, UBS AG operates in over 50 countries and from all major international centres. As of 31 December 2006, UBS AG had total invested assets of CHF 2.989 billion, a market capitalisation of CHF 154.2 billion and employed approximately 78,000 people. As at the date of this Offering Circular, UBS AG has a long-term debt credit rating of "Aaa" from Moody's, "AA+" from S&P and AA+ from Fitch.

UBS AG is publicly owned, and its shares are listed on the SWS Swiss Exchange, New York and Tokyo Stock Exchange. UBS AG is subject to the informational requirements of the Exchange Act, and, in accordance therewith, files reports and other information with the U.S. Securities and Exchange Commission (the **Commission**). The reports and other information filed by UBS AG with the Commission may be inspected (and copied at prescribed rates) at the public reference facilities maintained by the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. UBS AG's Common Stock is listed on the NYSE under the symbol "UBS." Reports and other information filed may be inspected at the offices of NYSE at 20 Broad Street, New York, New York 10005 and can also be reviewed by accessing the Commission's Internet site at <http://www.sec.gov>.

The information contained herein with respect to UBS AG relates to and has been obtained from it. The delivery of this Offering Circular shall not create any implication that there has been no change in the affairs UBS Limited or UBS AG since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to its date.

The information contained in the preceding paragraphs has been provided by UBS AG for use in this Offering Circular. Except for the foregoing paragraphs, UBS AG and its respective affiliates and subsidiaries do not accept responsibility for any other statement in this Offering Circular, or for this Offering Circular as a whole.



## **PROGRAMME ACCOUNT BANK, SERIES ACCOUNT BANK AND SERIES AGENT BANK**

### **HSBC BANK PLC**

HSBC Bank plc and its subsidiaries form a UK-based group providing a comprehensive range of banking and related financial services.

HSBC Bank plc (formerly Midland Bank plc) was formed in England in 1836 and subsequently incorporated as a limited company in 1880. In 1923, the company adopted the name Midland Bank Limited which it held until 1982 when it re-registered and changed its name to Midland Bank plc.

During the year ended 31 December, 1992, Midland Bank plc became a wholly owned subsidiary undertaking of HSBC Holdings plc, whose Group Head Office is at 8 Canada Square, London E14 5HQ. HSBC Bank plc adopted its current name, changing from Midland Bank plc, in the year ended 31 December, 1999.

The HSBC Group is one of the largest banking and financial services organisations in the world, with over 10,000 offices in 82 countries and territories in five geographical regions: Europe, Hong Kong, the Rest of Asia-Pacific (including the Middle East and Africa), North America and Latin America. Its total assets at 31 December 2006 were US\$1,861 billion. HSBC Bank plc is the HSBC Group's principal operating subsidiary undertaking in Europe. Shares in HSBC Holdings plc are listed on the London, Hong Kong, New York, Paris and Bermuda stock exchanges. The shares of HSBC Holdings plc are traded on the New York stock exchange in the form of American depositary receipts.

The short term senior unsecured and unguaranteed obligations of HSBC Bank plc are currently rated P-1 by Moody's, A-1+ by S&P and F1+ by Fitch and the long term senior, unsecured and unguaranteed obligations of HSBC Bank plc are currently rated Aa2 by Moody's, AA by S&P and AA by Fitch.

HSBC is regulated pursuant to the Financial Services and Markets Act 2000 and is an authorised institution supervised by the Financial Services Authority. HSBC Bank plc's principal place of business in the United Kingdom is 8 Canada Square, London E14 5HQ.

**SECURITY TRUSTEE AND SERIES NOTE TRUSTEE**

**HSBC TRUSTEE (C.I.) LIMITED**

HSBC Trustee (C.I.) Limited, acting through its office at 1 Grenville Street, St Helier, Jersey JE4 9PF, has been appointed as Security Trustee pursuant to the Security Deed and will be appointed as Series Note Trustee pursuant to the Series Trust Deeds.

HSBC Trustee (C.I.) Limited was incorporated with limited liability in Jersey on 10 February 1967 for an unlimited duration. Its fully paid share capital totals £4,000,000. Its ultimate holding company is HSBC Holdings plc, which is incorporated in England. HSBC Trustee (C.I.) Limited's principal business activity is to provide trustee and company administration services. HSBC Trustee (C.I.) Limited is regulated by the Jersey Financial Services Commission.

## **SERIES HEDGE PROVIDER**

Unless otherwise specified in the relevant Supplement, UBS AG, London Branch will be the Series Hedge Provider in respect of a Series. For further information on UBS AG, see "*Series Portfolio Seller*" above.

### **THIRD PARTY INFORMATION**

The information contained herein with respect to UBS AG, London Branch as Series Portfolio Seller, Series Hedge Provider, Series Administrator, Series Mortgage Servicer and Series Mortgage Special Servicer, the Programme Account Bank, the Series Account Bank, the Security Trustee and the Series Note Trustee is summary information relating to, and has been obtained from each of them for information purposes only. The delivery of this Offering Circular shall not create any implication that there has been no change in the affairs of UBS AG, London Branch, the Programme Account Bank, the Series Account Bank, the Security Trustee and/or the Series Note Trustee since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to its date. None of the Noteholders, the MERC Holders and/or the Residual Holders will have any right to proceed directly against UBS AG, London Branch, the Programme Account Bank, the Series Account Bank, the Security Trustee or the Series Note Trustee in respect of their respective obligations under any of the agreements to which they are party.

## THE SERIES PORTFOLIOS

*The section below describes the Series Portfolios in summary. Prospective purchasers of Notes should consider carefully all the information contained in this document, including the considerations set out below, before making any decision. Such summary should be read in conjunction with the information appearing elsewhere in this Offering Circular and the relevant Supplement.*

### Composition of Series Portfolios

A Series Portfolio sold to the Issuer under a Series Portfolio Purchase Agreement may consist of any kind of Loan, provided the Transfer Conditions discussed below under "*Transaction Documents – Series Portfolio Purchase Agreements – Transfer Conditions*" are met. Each Mortgage in respect of a Loan is a mortgage of a residential property in England or Wales or, where specified in the relevant Supplement, loans secured by standard securities or mortgages in respect of residential property in Scotland or Northern Ireland respectively.

The following is a summary of the general legal background which applies to Loans secured over properties in England and Wales, Northern Ireland and Scotland and of the Loan types that each Series Portfolio Seller may sell to the Issuer from time to time. However, *this summary is not intended to be exhaustive and as mentioned above additional or new loan types may also be included in a Series Portfolio if specified in the relevant Supplement.*

### The English Loans

#### *General*

There are two parties to a mortgage. The first party is the mortgagor, who is the borrower and homeowner. The mortgagor grants the mortgage over its property. The second party is the mortgagee, who is the lender. Each English Loan (other than Right to Buy Loans (as defined below)) will be secured by a mortgage which has a first ranking priority over all other mortgages secured on the property and over all unsecured creditors of the borrower. Borrowers may create a subsequent mortgage or other secured interest over the relevant property without the consent of the seller, though such other mortgage or interest will rank below the seller's mortgage in priority.

#### *Nature of Property as Security*

There are two forms of title to land in England and Wales: registered and unregistered. Both systems of title can include both freehold and leasehold land.

Freehold constitutes absolute ownership of land. Leasehold constitutes ownership of land (normally for a fixed period) subject to an annual payment of a ground rent to the owner of the freehold. A flying freehold exists when one part of a property extends over, or under, a neighbouring property.

#### *Registered Title*

Title to registered land is registered at the Land Registry. Each parcel of land is given a unique title number. Prior to 13 October 2003 title to the land was established by a land or (in the case of land which is subject to a mortgage or charge) charge certificate containing official copies of the entries on the register relating to that land. Pursuant to the Land Registration Act 2002 which came into force on 13 October 2003 the provision of land certificates and charge certificates has now been abolished. Title to land is now established by reference to entries on the registers held by the Land Registry.

There are four classes of registered title. The most common is title absolute. A person registered with title absolute owns the land free from all interests other than those entered on the register and those classified as unregistered interests which override first registration and unregistered interests which override registered dispositions.

Title information documents provided by the Land Registry will reveal the present owner of the land, together with any legal charges and other interests affecting the land. However, the Land Registration Act 2002 provides that some interests in the land will bind the land even though they are not capable of registration at the Land Registry such as unregistered interests which override first registration and unregistered interests which override registered dispositions. The title information documents will also contain a plan indicating the location of the land. However, this plan is not conclusive as to matters such as the location of boundaries.

#### *Unregistered Title*

All land in England and Wales is now subject to compulsory registration on the happening of any of a number of trigger events, which includes the granting of a first legal mortgage. However, a small proportion of land in England and Wales (typically where the land has been in the same ownership for a number of years) is still unregistered. Title to unregistered land is proved by establishing a chain of documentary evidence to title going back at least 15 years. Where the land is affected by third party rights, some of those rights can be proved by documentary evidence or by proof of continuous exercise of the rights for a prescribed period and do not require registration. However, other rights would have to be registered at the Central Land Charges Registry in order to be effective against a subsequent purchaser of the land.

#### *Taking Security Over Land*

Where land is registered, a mortgagee must register its mortgage at the Land Registry in order to secure priority over any subsequent mortgagee. Prior to registration, the mortgage will take effect only as an equitable mortgage or charge. Priority of mortgages over registered land is governed by the date of registration of the mortgage rather than date of creation. However, a prospective mortgagee is able to obtain a priority period within which to register his mortgage. If the mortgagee submits a proper application for registration during this period, its interest will take priority over any application for registration of another interest which is received by the Land Registry during this priority period.

In the system of unregistered land, the mortgagee protects its interest by retaining possession of the title deeds to the property. Without the title deeds to the property, the borrower is unable to establish the necessary chain of ownership, and is therefore effectively prevented from dealing with its land without the consent of the mortgagee. Priority of mortgages over unregistered land is governed first by the possession of title deeds, and in relation to subsequent mortgages by the registration of a land charge.

#### *Series Portfolio Seller as Mortgagee*

The sale of the English Mortgages by each Series Portfolio Seller to the Issuer will take effect in equity only. The Issuer will not apply to the Land Registry or the Central Land Charges Registry to register or record its equitable interest in the English Mortgages. The consequences of this are explained in the section "*Risk Factors – The Issuer does not have legal title to the Loans in the Series Portfolio on the relevant Issue Date*".

#### *Enforcement of Mortgages*

If a Borrower defaults under an English Loan, the English mortgage conditions provide that all moneys under the Loan will become immediately due and payable. The relevant Series Portfolio Seller or its successors or assigns would then be entitled to recover all outstanding principal, interest and fees under the covenant of the Borrower contained in the mortgage conditions to pay or repay those amounts. In addition, a

Series Portfolio Seller or its successors or assigns may enforce its mortgage in relation to the defaulted loan. Enforcement may occur in a number of ways, including the following:

- the mortgagee may enter into possession of the property. If it does so, it does so in its own right and not as agent of the mortgagor, and so may be personally liable for mismanagement of the property and to third parties as occupier of the property;
- the mortgagee may lease the property to third parties;
- the mortgagee may foreclose on the property. Under foreclosure procedures, the mortgagor's title to the property is extinguished so that the mortgagee becomes the owner of the property. This remedy is, because of procedural constraints, rarely used;
- the mortgagee may sell the property, subject to various duties to ensure that the mortgagee exercises proper care in relation to the sale. This power of sale arises under the Law of Property Act 1925. The purchaser of a property sold pursuant to a mortgagee's power of sale becomes the owner of the property; or
- a court order under the CCA is necessary to enforce a land mortgage in certain circumstances as described under "*Risk Factors*".

## **The Scottish Loans**

### *General*

A standard security is the only means of creating a fixed charge over heritable or long leasehold property in Scotland. Its form must comply with the requirements of the Conveyancing and Feudal Reform (Scotland) Act 1970 (the **1970 Act**). There are generally two parties to a standard security. The first party is the grantor, who is the borrower and homeowner. The grantor grants the standard security over its property (and is, save for any consent thereto or any guarantor thereof, generally the only party to execute the standard security). The second party is the grantee of the standard security, who is the lender and is called the heritable creditor. Each Scottish Loan will be secured by a standard security which (assuming it has been validly executed and registered in the Land Register of Scotland or the Sasine Register (see below) and assuming that there are no prior ranking standard securities) will have a first ranking priority over all other standard securities secured on the Property and over all unsecured creditors of the Borrower. As the grantor of a standard security remains the owner of a secured property, the grantor will be free to grant further standard securities over the relevant Property without the consent of a Series Portfolio Seller (subject to any restriction imposed by the heritable creditor in the standard security). Upon intimation to a Series Portfolio Seller (in its capacity as trustee for the Issuer pursuant to the relevant Scottish Declaration of Trust) of any subsequent standard security, the prior ranking of a Series Portfolio Seller's standard security shall be restricted to security for advances made prior to such intimation or advances made following such intimation where the obligation to make such advance arose prior to such intimation, and interest and expenses in respect thereof.

The 1970 Act automatically imports a statutory set of "Standard Conditions" into all standard securities, although the majority of these may be varied by agreement between the parties. Most major lenders in the residential mortgage market in Scotland have elected to vary the Standard Conditions by means of their own set of Scottish mortgage conditions, the terms of which are in turn imported into each standard security. The main provisions of the Standard Conditions which cannot be varied by agreement relate to redemption and enforcement, and in particular the notice and other procedures that are required to be carried out prior to the exercise of the heritable creditor's rights on a default by the borrower.

### *Nature of Property as Security*

There are currently two registers operating in Scotland, the Land Register and Sasine Register. Both systems include both heritable (the Scottish equivalent to freehold) and long leasehold land. Heritable title constitutes absolute ownership of land. Long leasehold constitutes possession of land (for a period exceeding twenty years) subject to a periodic payment of a ground rent to the owner of the heritable title. Since 1974 it has not been possible to create new long leaseholds over residential property in Scotland.

#### *Land Register*

This system of registration was established by the Land Registration (Scotland) Act 1979 and now applies to the whole of Scotland. Any sale of land for value (including a long leasehold interest in land) the title to which has not been registered in the Scottish Land Register (the **Land Register**) or the occurrence of certain other events in relation thereto (but not the granting of a standard security alone) triggers a first registration in the Land Register, when it is given a unique title number. Title to the land and the existence of any standard security over it are established by the entries on the Land Register relating to that land. Prior to 22 January 2007 the holder of the title received a land certificate containing official copies of the relevant entries on the Land Register. The holder of any standard security over the land in question receives a charge certificate containing official copies of the entries relating to that security. However, in terms of the Automated Registration of Title to Land (Electronic Communications) (Scotland) Order 2006 and the Land Registration (Scotland) Rules 2006, with effect from 22 January 2007 such land and charge certificates will only be issued to the relevant title or security holder if so requested at the time of the relevant registration and will otherwise be available in electronic form only. A person registered in the Land Register holds the land free from all interests other than those entered on the Land Register, those classified as overriding interests and any other interests implied by law.

The relevant Land Register entries and land certificate (whether in paper or electronic form) will reveal the heritable proprietors of the land except in the case of long leasehold where the land certificate will reveal the proprietors' interest as tenant, together with any standard securities and other interests (other than certain overriding interests) affecting the land or, in the case of long leasehold, affecting the proprietors' interest as tenant. They will also contain a plan indicating the location and extent of the land. While this plan is not in all circumstances conclusive as to the extent of the land, it cannot be amended if this would be to the prejudice of a proprietor in possession of the land, unless the statutory indemnity in respect of such amendments has been expressly excluded in the relevant Land Register entries and land certificate.

#### *Sasine Register*

Title to land in Scotland where no event has yet occurred to trigger registration in the Land Register is recorded in the General Register of Sasines. The Sasine Register is a register of documents and not land. Therefore, title to such land must be proved by establishing a chain of documentary evidence of title going back at least ten years and commencing from the first recorded title in excess of 10 years. Where the land is affected by third party rights, some of those rights can be proved by documentary evidence or by proof of continuous exercise of the rights for a prescribed period and do not require registration. However, other rights (including standard securities) would have to be recorded in the Sasine Register in order to be effective against a subsequent purchaser of the land.

#### *Taking Security Over Land*

A heritable creditor must register its standard security in the Land Register or the Sasine Register (as applicable) in order to perfect its security and secure priority over any subsequent standard security. Until such registration occurs, a standard security will not be effective against a subsequent purchaser or the heritable creditor under another standard security over the property. Priority of standard securities is (subject to express agreement to the contrary between the security holders) governed by their date of registration



rather than their date of execution. There is no equivalent in Scotland to the priority period system which operates in relation to registered land in England and Wales.

#### *Series Portfolio Seller as Heritable Creditor*

The sale of the Scottish Loans secured by the Scottish Mortgages and their Collateral Security by a Series Portfolio Seller to the Issuer on each Issue Date will be given effect by a Scottish Declaration of Trust granted in accordance with the provisions of the Series Portfolio Purchase Agreement by each Series Portfolio Seller in favour of the Issuer. Such Scottish Declarations of Trust (or the Issuer's beneficial interest thereunder) cannot be registered in the Land Register or Sasine Register. The consequences of this are explained in "*Risk Factors – The Issuer does not have legal title to the Loans in the Series Portfolios on the relevant Issue Date*" above.

#### *Enforcement of Mortgages*

Whilst there are a number of procedural options available in Scotland, the preferred enforcement procedure of the Series Portfolio Seller is the service of a "calling up notice". This is used where the borrower breaches the Scottish Mortgage conditions and the lender requires repayment of all sums due and to become due under the Scottish Mortgage. The borrower has two months to comply with the calling up notice, failing which the lender may enforce its rights under the standard security in a number of ways, including the following:

- the heritable creditor may enter into possession of the property. If it does so, it does so in its own right and not as agent of the borrower, and so may be personally liable for mismanagement of the property and to third parties as occupier of the property;
- the heritable creditor may grant a lease of the property of up to seven years (or longer with the court's permission) to third parties;
- the heritable creditor may sell the property, subject to various duties to ensure that the sale price is the best that can reasonably be obtained. The purchaser of a property sold pursuant to a heritable creditor's power of sale becomes the owner of the property; and
- the heritable creditor may, in the event that a sale cannot be achieved, foreclose on the property. Under foreclosure procedures the borrower's title to the property is extinguished so that the heritable creditor becomes the owner of the property. However this remedy is rarely used.

Where a borrower has failed to vacate the property and unconditionally deliver the keys to the lender, a court application is required and the courts are bound (subject to the terms of the Mortgage Rights (Scotland) Act 2001) to grant the enforcement remedies sought by the lender. The Mortgage Rights (Scotland) Act 2001 came into force on 3 December 2001. The principal effect of this legislation is to confer on the court a discretion, on the application (within certain time limits) of any of (1) the debtor in the standard security or the proprietor of the security subjects (where the proprietor is not the debtor), (2) the non-entitled spouse of the debtor or of the proprietor, where the security subjects (in whole or in part) are a matrimonial home, (3) a person living with the debtor or the proprietor as husband or wife or in a relationship which has the characteristics of such a relationship, or (4) a person who has lived with the debtor or the proprietor in the security subjects (but the security subjects have since ceased to be the sole or main residence of the debtor or the proprietor), if the security subjects (in whole or in part) are the sole or main residence of that person and, in respect of (3) above only, of a child (including stepchild) under the age of 16 who is a child of or brought up and treated as a child of that person and of the debtor or the proprietor, to suspend the exercise of the lender's enforcement remedies for such period, to such extent and subject to such conditions as the court considers reasonable in the circumstances, having regard, amongst other factors, to the nature of and reasons for the default, the applicant's ability to remedy it and the availability of reasonable alternative accommodation.

A court order under the CCA is also necessary to enforce a standard security in certain circumstances as described in "*Risk Factors – General Regulatory Considerations*" above.

In contrast to the position in England and Wales, the heritable creditor has no power to appoint a receiver under the standard security as its powers thereunder are directly exercisable by itself.

#### *Borrower's Right of Redemption*

Under Section 11 of the Land Tenure Reform (Scotland) Act 1974 the grantor of any standard security has an absolute right, on giving appropriate notice, to redeem that standard security once it has subsisted for a period of 20 years, subject only to the payment of certain sums specified in Section 11 of that Act. These specified sums consist essentially of the principal moneys advanced by the lender, interest thereon and expenses incurred by the lender in relation to that standard security.

#### **The Northern Irish Loans**

There are two parties to a mortgage. The first party is the mortgagor, who is the borrower and homeowner. The mortgagor grants the mortgage over its property (and is generally the only party to execute the mortgage). The second party is the mortgagee, who is the lender. Each Northern Irish Loan will be secured by a Northern Irish Mortgage (assuming it has been properly executed and registered and that there are no prior Northern Irish Mortgages) which has a first ranking priority over all other Northern Irish Mortgages secured on the property and over all unsecured creditors of the borrower (with the exception of preferential Crown debts). Borrowers may create a subsequent Northern Irish Mortgage or other secured interest over the relevant property without the consent of the lender, though such other Northern Irish Mortgage or interest will rank below the lender's mortgage in priority but only to the extent of advances made by the lender prior to receipt of notice of the other mortgage together with interest and expenses in respect thereof.

In cases of default by a Borrower in relation to a Northern Irish Mortgage secured over Northern Irish Property, requiring the issue of legal proceedings, those proceedings are similar to English proceedings. After a possession order is obtained the judgment is enforced through the Enforcement of Judgments Office (rather than by bailiffs) and it has its own procedures for enforcement. In Northern Ireland, the mortgagee's power of sale arises under the Conveyancing and Law of Property Act 1881.

By virtue of Article 51 of the Judgments Enforcement (Northern Ireland) Order 1981 an order charging land (i.e. a judgment mortgage), if founded on a judgment in respect of rates payable in respect of that land, shall have priority over all other charges and encumbrances whatever affecting that land except other debts owing to the Crown.

#### *Nature of Property as Security*

There are two forms of title to land in Northern Ireland: registered title (i.e. land which is registered in the Land Registry) and unregistered title (i.e. title to which is unregistered but in respect of which a memorial (i.e. a précis) of the deed is filed in the Registry of Deeds). Both systems of title can include both freehold (including fee farm grants) and leasehold land.

Freehold constitutes absolute ownership of land. Lands held under fee farm grant are held in fee simple subject to the payment of a perpetual yearly rent. Leasehold constitutes ownership of land (normally for a fixed period) subject to an annual payment of a ground rent to the owner of the freehold.

#### *Registered Title*

Title to registered land is registered at the Land Registry. Each parcel of land is given a unique title folio number. Title to the land is evidenced by a land certificate containing details of all entries on the register

including charges relating to that land. Further in relation to the charge document charging the land, a certificate of charge will also be endorsed thereon.

There are four classes of registered title. The most common is title absolute. A person registered with title absolute owns the land free from all interests other than those entered on the register and those classified as unregistered interests which override first registration and unregistered interests which override registered dispositions.

The land certificate or a copy of the folio provided by the Land Registry will reveal the present owner of the land, together with any charges, burdens, appurtenances and other interests affecting the land. However, the Land Registration Act (Northern Ireland) 1970 provides that some interests in the land will bind the land even though they are not capable of registration at the Land Registry such as unregistered interests which override first registration and unregistered interests which override registered dispositions. The Land Registry of Northern Ireland can also produce a map of the relevant folio number indicating the location of the land. However, this plan is not conclusive as to matters such as the location of boundaries.

#### *Unregistered Title*

From 1 May 2003, all land in Northern Ireland is subject to compulsory registration on the sale of a property (whether by conveyance, assignment or lease). Transactions not subject to compulsory first registration are transactions where no money consideration is paid (e.g. gifts, assents), mortgages and charging orders, leases for under 21 years, and surrenders of leases. As a result, portions of land in Northern Ireland (typically where the land has been in the same ownership for a number of years) are still unregistered. Title to unregistered land is proved by establishing a chain of documentary evidence to title going back at least 40 years. Where the land is affected by third party rights, some of those rights can be proved by documentary evidence or by proof of continuous exercise of the rights for a prescribed period and do not require registration. However, other rights would have to be registered at the Registry of Deeds in Northern Ireland in order to be effective against a subsequent purchaser of the land.

#### *Taking Security Over Land*

Where land is registered, a mortgagee must register its mortgage at the Land Registry in order to secure priority over any subsequent mortgagee. Prior to registration, the mortgage will take effect only as an equitable mortgage or charge. Priority of mortgages over registered land is governed by the date of registration of the mortgage rather than date of creation. However, a prospective mortgagee is able to obtain a priority period within which to register his mortgage. If the mortgagee submits a proper application for registration during this period, its interest will take priority over any application for registration of another interest which is received by the Land Registry during this priority period.

In the system of unregistered land, the mortgagee protects its interest by retaining possession of the title deeds to the property and registering a memorial of the mortgage in the Registry of Deeds. Without the title deeds to the property, the borrower is unable to establish the necessary chain of ownership, and is therefore effectively prevented from dealing with its land without the consent of the mortgagee. Priority of mortgages over unregistered land will generally be governed by date of registration at the Registry of Deeds. However equity will not allow a statute to be used as an instrument of fraud and a subsequent mortgage will not gain priority by registering first where the subsequent mortgagee has actual notice of the prior mortgage.

A court order under the CCA is necessary to enforce a mortgage in certain circumstances as described in "*Risk Factors – General Regulatory Considerations*" above.

### *Series Portfolio Seller as Mortgagee*

The sale of the Northern Irish Mortgages by each Series Portfolio Seller to the Issuer will take effect in equity only. The Issuer will not apply to the Land Registry or the Registry of Deeds to register or record its equitable interest in the Northern Irish Mortgages. The consequences of this are explained in the section "*Risk Factors – The Issuer does not have legal title to the Loans in the Series Portfolio on the relevant Issue Date*".

### **Characteristics of the Loans**

#### **Origination of the Loans and the Composition of the Series Portfolios**

The Loans related to each Series Portfolio will be originated or acquired by one or more Series Originators, sold to the Series Portfolio Seller and then on-sold to the Issuer under a Series Portfolio Purchase Agreement.

The pool of Loans in respect of each Series Portfolio owned by the Issuer from time to time will comprise:

- (a) the pool of Initial Loans purchased by the Issuer on the Issue Date;
- (b) Retentions made in accordance with the provisions of the relevant Series Portfolio Purchase Agreement;
- (c) Prefunded Loans acquired by the Issuer on any Prefunding Acquisition Date in accordance with the provisions of the relevant Series Portfolio Purchase Agreement; and
- (d) Substitute Loans acquired by the Issuer in replacement of Loans affected by the breach of the relevant representations and warranties in accordance with the provisions of the relevant Series Portfolio Purchase Agreement,

other than, in any such case, Loans in respect of the relevant Series Portfolio which have been repaid or in respect of which funds representing principal outstanding have otherwise been received in full or which have been re-transferred to the relevant Series Portfolio Seller pursuant to the relevant Series Portfolio Purchase Agreement or in respect of which Enforcement Procedures have been completed.

Each provisional mortgage pool, in respect of each Series Portfolio, will comprise Loans originated or acquired by the relevant Series Originator or Series Originators and then sold and transferred to the relevant Series Portfolio Seller (each a **Series Initial Mortgage Pool**). The Initial Loans in respect of each Series Portfolio will comprise the Loans selected by the relevant Series Portfolio Seller from the Series Initial Mortgage Pool by excluding, prior to the Issue Date in respect of the relevant Series, all Loans in respect of the relevant Series Initial Mortgage Pool (a) which are fully redeemed or (b) which do not comply in a material respect with the Lending Criteria (as defined below) or with the Warranties to be given in respect of the Loans in the relevant Series Portfolio Purchase Agreement. Hence, the aggregate balance of a Series Initial Mortgage Pool may be less than (or, as the case may be, greater than) the aggregate balance of the relevant Series Completion Mortgage Pool acquired by the Issuer on the relevant Issue Date.

Each Series Initial Mortgage Pool in respect of each Series will have the characteristics specified in the relevant Supplement in relation to the aggregate balance, number of loans, weighted average current balance, weighted average original loan to value ratio and weighted average remaining term to maturity.

## Repayment Terms

Repayment terms under each type of Loan differ according to the repayment type. The following repayment types may be included in each Series Initial Mortgage Pool:

- Loans under the terms of which monthly instalments covering both interest and principal are payable until the Loan is fully repaid by its maturity (**Repayment Loans**). Supporting life assurance cover is not required to be charged by way of security but may be in some cases;
- Loans in relation to which the principal amount is not repayable before maturity (including from the proceeds of an endowment, pension policy or other appropriate repayment vehicle) and which have no collateral as security other than the relevant Property (**Interest Only Loans**); and
- Loans under the terms of which a Borrower is allowed to effect (at its option) a separation of the repayable amounts into two portions, one in respect of which the Borrower will only pay interest until the date of the Loan's maturity (the **Interest-only portion**) and the other in respect of which the Borrower will make payments incorporating both interest and principal components (the **Repayment Portion**) (the **Part Interest/Repayment Loans**).

## Interest Rate Setting

The manner in which interest is calculated and payable in respect of Loans in a Series Portfolio will be identified in the Supplement related to the relevant Series Portfolio. Below is a description of the various methods by which interest may be calculated and payable in respect of Loans in a Series Portfolio. If any future methods should vary from these, the manner in which interest is calculated and payable in respect of the Loans sold by a Series Portfolio Seller to the Issuer will be disclosed in the relevant Supplement.

In respect of any Series, each Repayment Loan, Interest Only Loan and Part Interest/Repayment Loan may be a Standard Variable Rate Loan, a BBR Loan, a Discount Loan, a LIBOR Loan, a Loaded Loan or a Fixed Rate Loan (each as defined below):

- Loans under the terms of which interest is payable at the Series Originator's (or the relevant originator's) standard variable rate being a variable rate of interest which is capped by reference to the Bank of England's official Bank Rate payable on commercial bank reserves (**Bank Rate**) plus a margin (the **Standard Variable Rate**) (**Standard Variable Rate Loans**). Where a Series Portfolio includes Standard Variable Rate Loans, a Series Portfolio Seller will covenant that the Standard Variable Rate will not exceed a certain margin above the Bank Rate;
- Loans under the terms of which the interest rate payable is linked to the Bank Rate plus a margin for the term of the Loan (the **BBR Rate**) and is reset in accordance with changes in the Bank Rate (the **BBR Loans**);
- Loans under the terms of which the interest rate payable is linked to LIBOR plus a margin for the term of the Loan and is reset in accordance with changes in LIBOR of a certain frequency (typically 1 month or 3 months) (the **LIBOR Loans**);
- Loans under the terms of which the interest rate payable is discounted from the BBR Rate or Standard Variable Rate or stabilised margin over LIBOR either: (i) by a fixed amount either (1) to a fixed date, or (2) for a fixed period of time from the date of completion of the Loan; or (ii) at a stepped rate over a fixed period of time; in each case plus a margin (**Discount Loans**). Accordingly, Discount Loans will have a reduced coupon payable for either a pre-established length of time or until a specified date, and may feature a reducing discount on one or more dates between completion and the final reversion date according to a specified schedule. The period during which the discount

exists for each Loan is known as a **Discount Period**. At the end of the Discount Period, the interest rate payable on such Loans by a Borrower is increased for the remaining life of the Loan to a reversionary margin over the Bank Rate or LIBOR, or increased to the Standard Variable Rate;

- Loans under the terms of which the interest rate payable is linked to the Bank Rate plus a margin, which margin reduces over the term of the Loan subject to satisfaction of certain credit performances (the **Loaded Loans**); and
- Loans under the terms of which the interest rate payable is fixed for a certain period (**Fixed Rate Loans**). The period during which the rate is fixed is known as the **Fixed Rate Period**. At the end of the Fixed Rate Period, the interest rate payable on such loans by the Borrower is a reversionary margin over the Bank Rate or LIBOR or increased to the Standard Variable Rate.

Series Portfolios may also include Loans with different interest rates, including third party standard variable rates, Bank Rates with different margins and other types of fixed or Discount Loans. The manner in which interest is calculated and payable in relation to these Loans will, if applicable to a Series Portfolio be disclosed in the Supplement related to that Series Portfolio.

### **Payment Holidays/Overpayment**

Unless specified in the applicable Supplement, Loans originated or acquired by a Series Originator do not allow for:

- (a) Payment Holidays; or
- (b) overpayments over £5,000 per annum (without a Mortgage Early Repayment Charge) of the Loans.

### **Mortgage Early Repayment Charges**

Under the terms of each Loan, the Borrower may (subject to the terms of that particular Loan) also be obliged to pay a compensation payment if the Loan is redeemed within a defined period of time (usually within the discounted or fixed rate period), depending on the relevant pricing of the Loan from the date of the advance to the Borrower (a **Mortgage Early Repayment Charge**). If a Loan is redeemed after this period but before the maturity of the Loan, the Borrower is required to give notice of such redemption or pay additional compensation of a percentage of the amount redeemed if such notice is not given. The compensation payment which a Borrower pays is determined on the basis specified in the particular mortgage offer upon which the Borrower's Loan was based.

Mortgage Early Repayment Charges will arise in the circumstances where a Borrower may voluntarily prepay or is required to prepay on default the whole or any part of the relevant Loan within the discount or fixed rate period (as defined by the product criteria).

If a Borrower defaults and enforcement proceedings are initiated, the proceeds arising from such enforcement proceedings, including the sale proceeds of the relevant Property (the **Enforcement Proceeds**), may be insufficient to repay the entirety of the amounts owed by the Borrower under the Mortgage (the **Enforcement Liabilities**). In the event the Enforcement Liabilities are greater than the sale proceeds, the proceeds will be applied first in repaying all Enforcement Liabilities other than Mortgage Early Repayment Charges (the **Net Enforcement Liabilities**). Only when the Net Enforcement Liabilities have been repaid will the Enforcement Proceeds be applied towards payment of Mortgage Early Repayment Charges.

A wide range of factors will affect the Mortgage Early Repayment Charges received by the Issuer, including the date of origination of each Loan comprised in a Series Portfolio, the rate at which Borrowers voluntarily redeem Loans, the number of Loans which are subject to enforcement proceedings, the number of

redemptions that arise as a consequence of the death of Borrowers and regulatory changes that prescribe the amount of redemption compensation a lender may charge.

## **Further Advances and Retentions**

### ***Further Advances***

Further Advances in respect of any Series Portfolio, will be governed by the Lending Criteria and, together with the initial advances, must not exceed the maximum loan amount permitted by the relevant Lending Criteria. Generally, the Borrower must not be in arrears in relation to the existing Loan in respect of the relevant Series Portfolio, and should not have been in arrears for any significant period of time.

### ***Retentions***

In cases where a property valuer determines that there is a need for additional remedial (or, in respect of new construction, completion) work to be performed on a Property, an originator usually retains, in full or in part, certain amounts which would otherwise have been extended to the Borrower under the relevant Loan on the initial drawdown date until such time as the work deemed necessary is successfully completed. Accordingly, upon the satisfactory completion of such work, the Borrower is entitled to receive such retained funds under the Loan. Retentions will only be released to a Borrower when the required work is completed to a satisfactory standard, the relevant Property has been re-inspected and the relevant Series Portfolio Seller confirms to the Issuer that the Retention is due to the Borrower under the relevant Loan.

The increase in the Balance of a Loan associated with the release of a Retention to a Borrower will be purchased by the Issuer from a Series Portfolio Seller subject to the following conditions:

- (a) the conditions relating to the release of that Retention under the relevant Loan have been fulfilled;
- (b) the provisions of the FSMA, the CCA and the regulations promulgated thereunder, the Financial Services (Distance Marketing) Regulations 2004 and all other relevant laws, regulations, authorisation and permissions have been complied with to the extent that they apply to any such Retention; and
- (c) no Programme Enforcement Notice has been given by the Security Trustee which remains in effect.

Unless otherwise specified in the relevant Supplement, the Issuer will fund the purchase of the increase in the Balance of a Loan following the release of a Retention as a Series Permitted Withdrawal (and paid outside of the relevant Series Priorities of Payments) from principal payments received on the Loans in the relevant Series Portfolio and standing to the credit of the relevant Series Principal Ledger during the relevant Determination Period in which Retention is to be released pursuant to the terms of the relevant Loan. See "*Credit Structure – Series Permitted Withdrawals*" below.

## **Governing Law**

Each Loan in a Series Portfolio will be governed by the law (and also subject to the jurisdiction of the courts) expressed in each such document to be the governing law of that Loan. The governing law of the Loans will be English law unless otherwise specified in the relevant Supplement to be Northern Irish law or Scots law.

## **Insurance Contracts**

The description of any insurance policy described in this Offering Circular and the coverages thereunder do not purport to be complete and are qualified in their entirety by reference to such forms of policies, sample copies of which (except Third Party Policies) are available from a Series Mortgage Servicer upon request.

### ***Buildings Insurance***

The Issuer and the Security Trustee will have the benefit of a block buildings policy or Third Party Policies as described below to the extent of their respective interests in the Loans. Unless the relevant Property is covered by a block buildings policy arranged through the relevant originator, Borrowers are obliged to insure the relevant Property with a third party insurer (a **Third Party Policy**), where the relevant Property (in the case of leasehold Properties) is not insured as part of the lease, and to ensure that the interest of the relevant originator is noted on the policy. Third Party Policies are subject to underwriting and approval of individual Loans by the relevant insurers.

The relevant Series Portfolio Seller will warrant in the relevant Series Portfolio Purchase Agreement that at the time the relevant Loan was completed, each related Property each Property was at completion of the relevant Mortgage covered by (i) a Third Party Policy; or (ii) a block buildings policy providing equivalent cover; or (iii) the relevant originator took all reasonable steps to ensure that at the date of completion of each Mortgage the relevant Property was insured under a policy with an insurance company against fire and other risks usually covered by a comprehensive buildings insurance policy for an amount not less than the full reinstatement value determined by a valuer approved by the relevant originator.

### ***Title Insurance***

The Issuer and the Security Trustee may have the benefit of title insurance policies (each a **Title Insurance Policy**) to the extent of their respective interests in some of the Loans, if disclosed in the applicable Supplement. A Title Insurance Policy is obtained where an originator does not instruct solicitors to carry out certain searches and investigations prior to advancing money to a Borrower. In these circumstances, the relevant Property is insured under a Title Insurance Policy in the name of the Series Portfolio Seller. A Title Insurance Policy may also cover certain risks relating to the priority of the relevant Mortgage in respect of Right to Buy Loans (see "*Right to Buy*" below).

### ***Life Policies***

Certain Borrowers may have the benefit of certain life assurance policies (**Life Policies**) however, in relation to all Loans, Borrowers are not required to obtain life cover. Where such policies are in place, the relevant Series Originators are unlikely to have taken any security or charge over such policies and accordingly no such security or charge would be transferred to the relevant Series Portfolio Seller or the Issuer.

A Life Policy will provide for an amount to be payable which is expected, at the time of completion of the related Loan, to be sufficient to discharge the amount outstanding from time to time under the Loan (excluding any administration or other fee added to the Loan) in the event of the death of the Borrower (other than a Life Policy in the name of joint Borrowers where the policy moneys are payable on the death of the first to die). No assurance can be given that the Issuer or the Security Trustee will receive any benefit of any claims made under any applicable Life Policies or endowment policies.

### ***ASU Policies***

Certain Borrowers may have the benefit of accident, sickness and unemployment insurance. These policies typically provide up to twelve months' cover in respect of mortgage interest payments. Payments under such



policies are generally made directly to the insurer and the lender is not generally expressed as an insured party under them.

### ***Mortgage Contingency Insurance***

A Series Portfolio Seller may take out a mortgage contingency policy to cover the inadequacy, invalidation or the absence of insurance on Properties within the relevant Series Portfolio. The Issuer and the Security Trustee may be assigned the benefit of such policies pursuant to the relevant Series Portfolio Purchase Agreement.

### ***Properties in Possession Insurance***

A Series Portfolio Seller may take the necessary actions to ensure that when a Property is taken into possession by it following a default on the relevant Loan, appropriate insurance cover is provided on the Property and the Series Portfolio Seller may claim under this policy for any damage occurring to the Property while in its possession.

In such cases the Series Portfolio Seller will procure that the Issuer and the Security Trustee are included as insureds under the relevant policy and will assign the benefit of such policy to the Issuer and the Security Trustee pursuant to the relevant Series Portfolio Purchase Agreement. Sums received pursuant to such policy may, with the permission of the Issuer and the Security Trustee, be applied in respect of the reinstatement or repair of the relevant Property prior to its sale.

### **Lending Criteria**

The Lending Criteria specified in the relevant Supplement will be applied in respect of the Loans comprising the relevant Series Initial Mortgage Pool (including those Loans where Retentions are expected to apply) and will apply in respect of all Substitute Loans, Further Advances and Prefunded Loans.

### **Right to Buy**

A Series Portfolio may contain Right to Buy Loans.

Certain of the Loans (**Right to Buy Loans**) may have been made in whole or in part to a Borrower for the purpose of enabling that Borrower to exercise his right to buy the relevant Property under Part V of the Housing Act 1985 or Part III of the Housing (Scotland) Act 1987 as amended by Chapter 2 of the Housing (Scotland) Act 2001 or under the Northern Ireland Housing Executive House Sales Scheme and the Registered Housing Association House Sales Scheme, as provided for by the Housing (Northern Ireland) Order 1983 as amended by the Housing (Northern Ireland) Orders 1986 and 1992 and the Housing (Northern Ireland) Order 2003, as the case may be.

Properties sold under the Right to Buy scheme of the Housing Act 1985 are sold by the local authority at a discount to market value calculated in accordance with the Housing Act 1985. A purchaser under this scheme must, if he sells the property within three years (or in cases where the right to buy was exercised in relation to properties in England and Wales after 18 January 2005, five years), repay a proportion of the discount received or the resale price to the local authority, or, in cases where the right to buy was exercised in relation to properties in England and Wales after 18 January 2005, a purchaser must repay the discount received or the resale price to the local authority pro-rata over five years. The local authority obtains a statutory charge over the property in respect of the contingent liability of the purchaser under the scheme to repay the discount. This statutory charge ranks senior to other charges including that of any mortgage lenders, unless (a) the mortgage lender is an approved lending institution for the purposes of the Housing Act 1985 and has extended the mortgage loan to the purchaser for the purpose of enabling him to exercise the right to buy or (b) the relevant local authority issues a deed of postponement postponing its statutory charge

to that of a mortgage lender. Amendments to the Housing Act 1985 introduced by the Housing Act 2004 give the relevant local authority (or other landlord) a right of first refusal should the relevant property be disposed of within the first ten years following the exercise of the right to buy (where the right to buy is exercised after 18 January 2005). The consideration payable by the relevant local authority (or other landlord) is the value of the property determined in the absence of agreement between the local authority (or other landlord) and the owner, by the district valuer. This right of first refusal may add to the time it takes to dispose of a property where the security is enforced and the district valuer may determine that the value of the property is lower than the lender believes is available in the market.

Properties sold under the Right to Buy provisions of the Housing (Scotland) Act 1987 as amended by Chapter 2 of the Housing (Scotland) Act 2001 are sold by a local authority or other landlord to which the provisions apply at a discount to market value calculated in accordance with the Housing (Scotland) Act 1987 (as amended). A person who has purchased a property in exercise of a right to buy and who, subject to certain exceptions, before the expiry of the discount period sells or otherwise disposes of the property is liable to repay 100 per cent. of the discount where the disposal occurs within the first year after the date of service of notice, 66 per cent. where it occurs in the second such year and 33 per cent. where it occurs in the third such year. Where the local authority or other landlord to which the provisions apply secures the liability to make repayment of the discount, this security will have priority immediately after (a) any standard security granted in security of a loan either for the purchase or for the improvement of the house and any interest, present or future due thereon (including any such interest which has accrued or may accrue) and any expenses or outlays (including interest thereon) which may be, or may have been, reasonably incurred in the exercise of any power conferred on the lender by the deed expressing the said standard security and (b) if the local authority or other landlord to which the provisions apply consents, a standard security over the property granted in security of any other loan and in relation thereto any such interest, expenses or outlays as aforesaid.

In Northern Ireland, a similar Right to Buy scheme operates through the Northern Ireland Housing Executive (the **NIHE**) and Registered Housing Associations, although certain differences apply regarding repayment of discount. In particular, under the current schemes a purchaser must repay the entirety of the discount if he sells the property at any time within five years of acquiring it. Furthermore, the NIHE and Registered Housing Associations acquire an option to purchase the property from the owner for the time being in the event of the owner wishing to sell the property within 10 years of the date of acquisition. The deed transferring the property to the first owner charges the property with payment of any sums due under the discount covenant and with any damages which may become due from the owner in respect of any breach of the obligations imposed by the option to purchase.

The discount covenant charge and the charge over damages for breach of the obligations imposed by the option to purchase which are created under the standard terms of the NIHE and the Registered Housing Associations schemes take priority immediately after any mortgage securing any amount left outstanding by the purchaser and advanced to him by a lending institution for the purpose of buying his property or further advanced to him.

In relation to any subsequent charge granted to any lending institution other than that which provided the initial loan to buy the property, NIHE and Registered Housing Associations have a discretion to postpone its charge to this subsequent charge. Such a subsequent charge would include a charge in favour of a new or subsequent lender if the purchaser were to transfer his initial mortgage to a new or subsequent lender within a period of five years after purchase of the house (being the period during which NIHE or the Registered Housing Associations may recoup discount pursuant to the discount covenant charge). This discretion is rarely exercised by NIHE or the Registered Housing Associations.

Considerations in respect of application of the money for approved purposes do not apply in Northern Ireland.

Each relevant Series Portfolio Seller will represent and warrant in the relevant Series Portfolio Purchase Agreement that, in relation to each Right to Buy Loan, if any, it has:

- (a) received warranties from the originator of such Loan that:
  - (i) it was and is an approved lending institution under the relevant legislation or that it has obtained a deed of postponement from the relevant local authority postponing the local authority's charge arising under the Housing Act 1985;
  - (ii) the original advance was made to the person exercising the right to buy;
  - (iii) the relevant advance was made for the purpose of enabling the recipient to purchase the relevant Property and certain home improvements; and
  - (iv) the Property does not comprise a flat or maisonette (except flats in Scotland); or
- (b) any statutory charge arising in respect of the relevant Property has expired; or
- (c) that it holds full title insurance in relation to the relevant Property which provides appropriate cover in the absence of the foregoing representations and warranties, the benefit of which will be assigned to the Issuer pursuant to the relevant Series Portfolio Purchase Agreement.

#### ***Buy to Let Loans***

Loans to Borrowers who wish to purchase or remortgage residential property for the purpose of letting to third parties (**Buy to Let Loans**) are governed by the Lending Criteria specified in the relevant Supplement which may include the same, or at times, stricter, criteria as the criteria applicable to Loans in respect of owner occupied Property, including (but only to the extent set out in the relevant Supplement):

- (a) a lower maximum LTV;
- (b) a requirement that the rental payment received by the Borrower in respect of the relevant Property or rental payment received plus the Borrower's surplus income is a higher specified percentage of the Borrower's monthly payment under the Loan at completion of the Loan than is required in relation to Loans in respect of owner occupied Properties; and
- (c) stricter criteria in respect of an applicant's adverse credit history.

The relevant originator may take into account only the projected rental income, as confirmed by the valuer, on the rented property when considering whether to make a Buy to Let Loan to a Borrower or may take into account both the projected rental income, as confirmed by the valuer, on the rented property as well as the surplus income of the Borrower which will be available to make repayments on the rented property.

#### ***Let to Buy Loans***

A Series Originator may offer or acquire Let to Buy Loans. These are loans which are made to homeowners who wish to let their existing residential property to third parties and buy another property elsewhere. The relevant originator would not in such cases take security over the existing residential property but may take into account the surplus projected rental income on the rented property (after repayments of the existing loan) when considering whether to make a Let to Buy Loan to a Borrower.

### ***Changes to Lending Criteria***

Subject to obtaining any relevant consents, a Series Originator may vary the Lending Criteria from time to time in the manner of a reasonably prudent mortgage lender lending to borrowers in England, Wales, Northern Ireland and Scotland who include the recently self employed, independent contractors, temporary employees and people who may have experienced previous credit problems being, in each case, people who generally do not satisfy the lending criteria of traditional sources of residential mortgage capital (a **Prudent Mortgage Lender**). Prefunded Loans, Further Advances and Substitute Loans may only be included in a Series Portfolio if they were originated in accordance with the Lending Criteria in effect as at the relevant Issue Date and the conditions contained in the relevant Series Mortgage Servicing Agreement, relevant Series Portfolio Purchase Agreement and relevant Series Administration Agreement have been satisfied.

### ***Arrears and Default Procedures***

The time involved (assuming the instigation of legal proceedings) from the point when the Series Mortgage Servicer or Series Mortgage Special Servicer begins repossession procedures to the Series Mortgage Servicer or Series Mortgage Special Servicer taking possession of the Property may be approximately 9 to 12 months; however, there can be significant variations in the time taken to sell repossessed Properties. A court has discretion (the scope of which may be narrower in Scotland) as to whether, on application by a lender, it will order the borrower to vacate the property pursuant to a possession order after a default. A lender will usually apply for such an order so that it can sell the property with vacant possession. Broadly, the net proceeds of sale of the Property after payment of the costs and expenses of the sale would be applied against the sums owing from the Borrower to the extent necessary to discharge the Loan. The Series Mortgage Servicer or Series Mortgage Special Servicer will attempt (on the instructions of the Series Administrator) to recover any shortfall from the Borrower to the extent that in the Series Administrator's reasonable judgment it is cost-effective to do so. The Series Mortgage Servicer or Series Mortgage Special Servicer will manage the relationship and service level agreements of the solicitors, asset managers, debt counsellors and any other service providers required to conduct the enforcement services.

In Scotland, until December 2001, on court applications being made by a lender for the relevant enforcement remedies (once a default by the borrower had been established), the Scottish courts were bound (except in very limited circumstances) to grant the enforcement remedies sought. This position has been altered by the Mortgage Rights (Scotland) Act 2001, which was brought into force on 3 December 2001. See "*The Series Portfolios – The Scottish Loans – Enforcement of mortgages*" above.

## TITLE TO THE SERIES PORTFOLIOS

All of the Loans will be originated or acquired by one or more Series Originators and sold from each relevant Series Originator to the relevant Series Portfolio Seller.

The sale of the Loans from each relevant Series Originator to the relevant Series Portfolio Seller and their related Mortgages is intended to take effect as a full legal transfer and the relevant Series Portfolio Seller will effect the relevant registration or recording at the Land Registries to protect the sale of the relevant Loans and the relevant Collateral Security. Notice of the assignment or assignment by a Series Originator to the relevant Series Portfolio Seller will be given to the relevant Borrowers, but save as provided for therein, notice of the assignment or assignment by a Series Portfolio Seller to the Issuer will not be given to the Borrowers.

The Loans comprising the relevant Series Portfolio and the Collateral Security will be sold by the relevant Series Portfolio Seller to the Issuer on or about the Issue Date, any Prefunding Acquisition Date or any Transfer Date (as may be applicable).

The sale of the relevant Loans from the relevant Series Portfolio Seller to the Issuer and their related English Mortgages and Northern Irish Mortgages will take effect in equity only or, in the case of their related Scottish Mortgages (if any), by means of a Scottish Declaration of Trust by the relevant Series Portfolio Seller in favour of the Issuer. The Issuer will grant a first fixed equitable charge (or, in the case of Scottish Mortgages, an assignment in security) in favour of the Security Trustee over its interests in the relevant Loans and the relevant Collateral Security. The Life Policies (if any) (as defined in "*The Series Portfolios – Insurance Contracts – Life Policies*" above) will not be sold to the Issuer. However, the relevant Series Portfolio Seller will, so far as it is able and has the right to do so, agree under the relevant Series Portfolio Purchase Agreement that any right, benefit or interest that the relevant Series Portfolio Seller may have in the Life Policies in respect of the Loans, will be transferred to the Issuer. However, no assurances can be given that the Issuer will receive any benefit of any claims made under the Life Policies in respect of the Loans.

Each relevant Series Mortgage Servicer is required under the terms of each relevant Series Mortgage Servicing Agreement to ensure the safe custody of title deeds and will hold or procure the holding of all title deeds (to the extent such title deeds are not returned to the Borrower by the relevant Series Originator in accordance with any dematerialisation policy in respect of Properties which comprise registered land) to the order of the Issuer and the Security Trustee (to the extent of their respective interests therein). To the extent that a Series Mortgage Servicer has entered into outsourcing arrangements in relation to the performance of its functions, such title deeds may be held on these terms by the relevant sub-contractor, subject to the provision of a declaration by such sub-contractor in favour of the Security Trustee that it holds those title deeds to the order of the Issuer and the Security Trustee (to the extent of their respective interests therein). See "*Series Mortgage Servicing Agreement – Sub-contracting and delegation*" below.

Save as mentioned below, notice of the assignment by the relevant Series Portfolio Seller to the Issuer and the equitable charge in favour of the Security Trustee will not be given to the Borrowers.

Under the relevant Series Portfolio Purchase Agreement and the Security Deed, the Issuer (with the consent of the Security Trustee) or the Security Trustee will each be entitled to effect such assignments, registrations and recordings and give such notices as it considers necessary to protect and perfect the interests of the Issuer under the relevant Series Portfolio Purchase Agreement (as purchaser) and the Security Trustee under the Security Deed (as chargee) in the Loans and the Collateral Security, *inter alia*, where (i) it is obliged to do so by law, by court order or by a mandatory requirement of any regulatory authority; (ii) a Programme Enforcement Notice or, as applicable, a Series Enforcement Notice has been given; (iii) the Security Trustee considers that the Charged Property or any part thereof is in jeopardy; or (iv) any action is taken for the

winding-up, dissolution, administration or reorganisation of a Series Portfolio Seller. These rights are supported by irrevocable powers of attorney given by the Series Portfolio Seller.

The effect of: (i) the sale of the relevant Loans and their Collateral Security by the relevant Series Portfolio Seller to the Issuer taking effect in equity only (or, in the case of the Scottish Loans (if any) and their Collateral Security, by means of a Scottish Declaration of Trust; (ii) not giving notice to the Borrowers of the sale of the relevant Loans and their Collateral Security by the relevant Series Portfolio Seller to the Issuer and the charging of the Issuer's interest in the Loans and their Collateral Security to the Security Trustee; and (iii) the charge of the Issuer's rights thereto in favour of the Security Trustee pursuant to the Security Deed taking effect in equity (or being in respect of the Issuer's beneficial interest under a Scottish Declaration of Trust) only, is that the rights of the Issuer and the Security Trustee may be, or may become, subject to equities (not applicable to properties in Scotland) as well as to the interests of third parties who perfect a legal interest or title prior to the Issuer or the Security Trustee acquiring and perfecting a legal interest or title (such as, in the case of English Mortgages or Northern Irish Mortgages over unregistered land, a third party acquiring a legal interest in the relevant Mortgage without notice of the Issuer's or the Security Trustee's interests or, in the case of Mortgages over registered land (whether at any of the Land Registries), a third party acquiring a legal interest or title by registration or recording prior to the registration or recording of the Issuer's or the Security Trustee's interests).

The risk of such equities and other interests leading to third party claims obtaining priority to the interests of the Issuer or the Security Trustee in the Loans and the Collateral Security is likely to be limited to circumstances arising from a breach by the relevant Series Mortgage Servicer, the Series Portfolio Seller or the Issuer of its or their contractual or other obligations or fraud or mistake on the part of that Series Mortgage Servicer, that Series Portfolio Seller or the Issuer or their respective officers, employees, agents or sub-contractors (if any).

## TRANSACTION DOCUMENTS

### Series Portfolio Purchase Agreements

The Issuer will from time to time purchase Series Portfolios (as described below) of residential mortgage loans together with the Mortgages and Collateral Security for their repayment, including the relevant mortgages and standard securities from UBS AG, London Branch or any member of the UBS Group in its capacity as series portfolio seller (a **Series Portfolio Seller**) under a series portfolio purchase agreement in respect of each Series Portfolio (each a **Series Portfolio Purchase Agreement**) dated the relevant Issue Date (each an **Issue Date**) and entered into by the relevant Series Portfolio Seller, the Issuer and the Security Trustee. Each Series Portfolio Purchase Agreement will provide for the delivery of lists of the Loans and their Collateral Security which list the relevant Series Completion Mortgage Pool being sold to the Issuer. Each Series Portfolio purchased will relate to a particular Series with the Series Secured Creditors and the Series Priorities of Payments in respect of such Series specified in the relevant Supplement.

### *Series Portfolios*

Each Series Portfolio will comprise:

- (a) a pool of residential mortgage loans acquired on the relevant Issue Date and their Collateral Security (a **Series Completion Mortgage Pool**) which will comprise Loans selected by a Series Portfolio Seller from the Series Initial Mortgage Pool;
- (b) if specified in the relevant Supplement, a further pool of residential mortgage loans and their Collateral Security to be acquired after the initial Issue Date on the dates specified in the relevant Supplement (together, the **Series Prefunded Mortgage Pool**);
- (c) any Substitute Loans (as defined below) acquired by the Issuer in accordance with the provisions of the relevant Series Portfolio Purchase Agreement; and
- (d) any Further Advances (as defined below) acquired by the Issuer in accordance with the provisions of the relevant Series Portfolio Purchase Agreement,

other than, in any such case, any Loans which have been repaid and discharged or in respect of which funds representing principal outstanding have otherwise been received in full, or which have been repurchased by a Series Portfolio Seller pursuant to the relevant Series Portfolio Purchase Agreement or in respect of which enforcement procedures have been completed.

A Series Portfolio sold to the Issuer under a Series Portfolio Purchase Agreement may consist of any kind of Loan, provided the Transfer Conditions (described below) are met on the relevant Issue Date. Each Series Portfolio acquired by the Issuer from a Series Portfolio Seller (acquired in turn from a Series Originator) will consist of Loans and their Collateral Security (other than any Loans and their Collateral Security which have been redeemed in full prior to the relevant Cut-off Date or which do not otherwise comply with the terms of a Series Portfolio Purchase Agreement as at the relevant Issue Date). The particulars of the Series Portfolio will be set out in the relevant Series Portfolio Purchase Agreement and may be delivered in connection therewith in a document stored upon electronic media (including, but not limited to, a CD-ROM), subject to the subsisting rights of redemption of Borrowers and, subject to the terms of the applicable Series Portfolio Purchase Agreement, will comprise the benefit of all rights, title, interest and benefit of the relevant Series Portfolio Seller, both present and future, in and to:

- (a) all payments of principal and interest (including, for the avoidance of doubt, its right to receive Arrears sums (being principal or interest) on the Initial Loans which were due and owing but unpaid

as of the relevant Issue Date and on the Prefunded Loans prior to any relevant Prefunding Acquisition Date) and other sums due or to become due in respect of such Loans and their Collateral Security after the related Issue Date including, without limitation, the right to demand, sue for, recover and give receipts for all principal moneys, interest and costs and the right to sue on all covenants and any undertakings made or expressed to be made in favour of the relevant Series Portfolio Seller under the applicable Loan;

- (b) the benefit of any Collateral Security for the repayment of the relevant Loans, the benefit of all consents to mortgage signed by occupiers of Properties, the benefit of all MHA Documentation or CP Documentation, the benefit of and the right to sue on all covenants and undertakings in favour of a Series Portfolio Seller under such Loans, any guarantee and any deed of assignment or assignation of rent in respect of a Loan;
- (c) the right to exercise all the powers of a Series Portfolio Seller in relation to each Loan in the Series Portfolio;
- (d) all the estate and interest in the Properties vested in a Series Portfolio Seller, subject to redemption or cesser;
- (e) in the case of Northern Irish Loans all properties expressed to be mortgaged and granted by their related Northern Irish Mortgages;
- (f) to the extent they are assignable, each Certificate of Title and valuation report and all causes and rights of action in favour of a Series Portfolio Seller against any solicitor, licensed conveyancer, valuer or other person in connection with any report, valuation, opinion, certificate or other statement of fact or opinion given in connection with such Loans and their Collateral Security, or any part thereof or affecting the decision of a Series Portfolio Seller to make or offer to make any such Loan or part thereof, save that rights or causes of action which are known to have accrued at the relevant Issue Date are excluded from such assignment; and
- (g) all right, title and interest of a Series Portfolio Seller (including, without limitation, the right to receive the proceeds of all claims) under the Insurance Contracts, so far as they relate to the Loans and their Collateral Security comprised in that Series Portfolio.

### ***Consideration***

The consideration payable to a Series Portfolio Seller by the Issuer for the sale of each Series Completion Mortgage Pool and Series Prefunded Mortgage Pool, if applicable, will be specified in the relevant Series Portfolio Purchase Agreement. The consideration payable by the Issuer for each Series Portfolio will as specified in the relevant Supplement consist of:

- (a) a cash payment made by the Issuer from the proceeds of the Notes of the relevant Series issued and/or other sources of funding received from the Issuer (e.g. bank credit facilities) on the relevant Issue Date (and in respect of Prefunded Loans such payment will be made on the relevant Prefunding Acquisition Date (as specified in the relevant Supplement) for such Prefunded Loans); and
- (b) any Series Residuals (as described above under "*Description of the Notes – Series Residuals*") issued to the relevant Series Portfolio Seller or as such Series Portfolio Seller may direct, or payment by the Issuer of the amounts which would otherwise be paid under Series Residuals pursuant to an obligation documented in another form (as described above under "*Description of the Notes – Uncertificated Series MERCs and Series Residuals*"), in respect of which payments will be made on each Distribution Date in accordance with the applicable Series Priorities of Payments (provided that



there are available funds and after the making of any provisions in accordance with normal accounting practice); and/or

- (c) any Series MERCs (as described above "*Description of the Notes – Series MERCs*") issued to the relevant Series Portfolio Seller or as such Series Portfolio Seller may direct, or payment by the Issuer of the amounts which would otherwise be paid under Series MERCs pursuant to an obligation documented in another form (as described above under "*Description of the Notes – Uncertificated Series MERCs and Series Residuals*"), in connection with the sale of a Series Portfolio to the Issuer; and/or
- (d) any Series Subordinated Notes (as described above "*Description of the Notes – Series Subordinated Notes*") issued to the relevant Series Portfolio Seller or as such Series Portfolio Seller may direct in connection with the sale of a Series Portfolio to the Issuer; and/or
- (e) such other forms of payment obligations of the Issuer, as specified in the relevant Supplement.

### ***Transfer Conditions***

Each Mortgage is a mortgage of a residential property in England or Wales unless a Series Portfolio is specified in the applicable Supplement as including Northern Irish Loans and/or Scottish Loans (in which case the relevant Mortgages will include mortgages of, or standard securities over, residential property in Northern Ireland and/or Scotland). All types of Loans are eligible for inclusion in a Series Portfolio subject to satisfaction of various conditions (the **Transfer Conditions**) on the relevant Issue Date as specified in a Series Portfolio Purchase Agreement. The Transfer Conditions will include the following conditions, subject to any amendment in the relevant Series Portfolio Purchase Agreement and the Supplement related to the Series Portfolio:

- (a) no Programme Insolvency Event or Series Event of Default in respect of any Series has occurred and is continuing as at the relevant Issue Date;
- (b) the required Series Documents will be entered into in connection with the purchase of the Series Portfolio (See "*Structure Overview – Documentation*") and any other documentation required under that Series Portfolio Purchase Agreement will be entered into (e.g. an assignment of Insurance Contracts, assignment of rent, assignment of Guarantees and/or a Scottish Declaration of Trust and/or a Scottish Supplemental Charge (each as applicable)); and
- (c) the desired ratings (if any) of the Series of Notes to be issued in connection with the purchase of the Series Portfolio have been obtained from the Rating Agencies.

The Transfer Conditions in a Series Portfolio Purchase Agreement may be waived or varied from time to time in connection with the sale of a particular Series Portfolio.

### ***Prefunded Loans***

The Issuer may deposit proceeds from the issue of Series of Notes in the relevant Series GIC Bank Account and such proceeds (the **Prefunded Loan Amounts**) will be applied in the future to acquire Loans (the **Prefunded Loans**) from a Series Portfolio Seller that will be allocated to the relevant Series Portfolio as specified in the relevant Supplement. Prefunded Loan Amounts deposited in the relevant Series GIC Bank Account will be recorded in the relevant ledger in relation to the Prefunded Loans (the **Series Prefunded Loans Ledger**) in respect of that Series. Although no assurance can be given, it is intended that the purchase of the Prefunded Loans will require the application of substantially all of the Prefunded Loan Amounts standing to the credit of the relevant Series GIC Bank Account. All amounts standing to the credit of the Series Prefunded Loan Ledger on the Determination Date immediately prior to the first Distribution Date

which are not allocated for the purchase of Prefunded Loans on such Distribution Date will be transferred to the relevant Series Principal Ledger to be applied on such Distribution Date as Actual Redemption Funds.

In connection with the deposit of Prefunded Loan Amounts in the relevant Series GIC Bank Account, an interest shortfall amount may be held in the relevant Series GIC Bank Account (the **Series Prefunding Interest Shortfall Amounts**) to be applied to make up the difference in the amount of interest the Issuer would have received from and including the relevant Issue Date to the relevant Prefunding Acquisition Date had the Issuer owned the Prefunded Loans from the relevant Issue Date in respect of the applicable Series.

Prefunded Loans purchased by the Issuer will be required to comply with the same Transfer Conditions under the relevant Series Portfolio Purchase Agreement as would be applicable to Loans of that type under the relevant Series Portfolio Purchase Agreement.

### ***Converted Loans***

The Issuer is not permitted to convert a Loan into any other type of mortgage product. To the extent a Series Administrator receives a request from a Borrower to convert a Loan into another type of mortgage product, a Series Portfolio Seller may approve the conversion of the Loan (a **Converted Loan**) if the request complies with the relevant Series Portfolio Seller's standard policies and procedures. A Series Portfolio Seller will be required under a Series Portfolio Purchase Agreement to procure that any such Loan is prepaid, typically by using, *inter alia*, the proceeds advanced by the relevant Series Portfolio Seller to the relevant Borrower, before it is converted. The repayment price payable in respect of the affected Loan is described below under "*Requirement to Repurchase*".

### ***Further Advances***

Unless otherwise specified in the relevant Supplement, Further Advances made by a Series Portfolio Seller are agreed to be purchased (subject to such Further Advances satisfying certain conditions set out below) from the relevant Series Portfolio Seller by the Issuer which will fund such purchase by making a Series Permitted Withdrawal (and paid outside of the relevant Series Priorities of Payments) on any date prior to a Series Event of Default in respect of the relevant Series. The Issuer will fund the purchase of Further Advances out of Available Capital Funds (as defined below) in respect of a Series, as further described in the relevant Supplement. See "*Credit Structure – Series Permitted Withdrawals*" below.

Further Advances, in respect of any Series Portfolio, will be purchased from a Series Portfolio Seller subject to the satisfaction of the following conditions:

- (a) the relevant Borrower is not in material breach of any of the conditions of the relevant Loan and during the six-month period prior to the making of any Further Advance, the relevant Borrower has not been in arrears of any payment of interest or principal;
- (b) the Lending Criteria are met in relation to such Further Advance (subject to exceptions permitted by the relevant Series Portfolio Seller acting in accordance with the Service Specifications, including but not limited to (i) a low loan-to-value ratio, (ii) stable employment history of an applicant and (iii) time in residence at an applicant's current residence);
- (c) the provisions of the FSMA, the CCA and the regulations promulgated thereunder, the Financial Services (Distance Marketing) Regulations 2004 and all other relevant laws, regulations, authorisations and permissions have been complied with to the extent that they apply to any such Further Advance;
- (d) prior to a Series Portfolio Seller making the Further Advance no second mortgage or charge or standard security has been created over the relevant Property unless such second mortgage or charge

or standard security has been expressly postponed by deed to the Mortgage securing such Further Advance or unless the loan secured by such second charge is to be, and is, redeemed before the making of the Further Advance;

- (e) no Programme Enforcement Notice, or in respect of the relevant Series, no Series Enforcement Notice or Series Acceleration Notice has been given by the Security Trustee which remains in effect;
- (f) the amount of the Further Advance (together with all other Further Advances made with respect to other Loans and the aggregate balances of Substitute Loans acquired by the Issuer on that day in each case in respect of that Series Portfolio) when added to the amount of any Further Advances previously made by a Series Portfolio Seller and the aggregate balances of Substitute Loans previously purchased in each case in respect of that Series Portfolio does not exceed 10 per cent. of the aggregate Balances of the Loans in that Series Portfolio on the relevant Issue Date, save the figure of 10 per cent. referred to above may be increased from time to time upon the Rating Agencies agreeing that such increase will not adversely affect the current ratings by the Rating Agencies of the Notes of the relevant Series and subject to the consent of the Security Trustee;
- (g) that Series Portfolio Seller is not in breach of any obligation on its part to repurchase any Loan in accordance with the relevant Series Portfolio Purchase Agreement;
- (h) the amount of the Further Advance (together with all other Further Advances made by a Series Portfolio Seller with respect to other Loans in that Series Portfolio on that day) does not exceed an amount equal to the aggregate of the Available Capital Funds in respect of the relevant Series at such time and the amount standing to the credit of the Series Further Advances Ledger in respect of that Series at such time;
- (i) the effect of the Further Advance would not be to extend the final maturity date of the Loan to beyond the date falling 2 years prior to the maturity date of the latest maturing Class of Notes in the relevant Series;
- (j) that Series Portfolio Seller has no reason to believe that the making of the relevant Further Advance by it and the purchase of that Further Advance by the Issuer will adversely affect the then current ratings of the Notes of the relevant Series;
- (k) if it would not require the Issuer, the Security Trustee or the relevant Series Administrator arranging, advising on, administering or entering into a Regulated Mortgage Contract (or agreeing to carry on any of these activities) so long as any of them would be required to be authorised under the FSMA to do so and does not have such authorisation;
- (l) provided that all rights of that Series Portfolio Seller in respect of such Further Advance will rank behind all present and future rights of the Issuer and the Security Trustee in the Loan and their Collateral Security and the relevant Property to which the Further Advance relates;
- (m) where a Series Portfolio Seller makes a Further Advance on a Distribution Date, the product of the WAFF and WALs for that Series Portfolio after such Further Advance, and after all other Further Advances to be purchased by the Issuer on such Distribution Date, calculated on the Determination Date immediately preceding such Distribution Date in the same way as for that Series Portfolio (or as agreed by that Series Portfolio Seller and the Rating Agencies (other than Moody's) from time to time), would not exceed the product of the WAFF and WALs for that Series Portfolio calculated on the relevant Issue Date plus 0.25 per cent. provided that the figure of 0.25 per cent. may be increased from time to time upon the Rating Agencies agreeing that such increase will not adversely affect the then current ratings of the Notes of the relevant Series (or as otherwise agreed by that Series Portfolio Seller and the Rating Agencies); and

- (n) unless otherwise specified in the relevant Supplement, any Further Advance made by a Series Portfolio Seller on a Distribution Date will have a Stabilised Margin equal to or greater than the weighted average Stabilised Margin of the Loans in the relevant Series Completion Pool as at the relevant the Issue Date, where **Stabilised Margin** means the interest rate applicable to the relevant Loan after the expiry of any applicable Discount Period or Fixed Rate Period.

**Available Capital Funds** means, in respect of a Series, on any day during a Determination Period (including on a Determination Date), an amount represented by the amount standing to the credit of the relevant Series Principal Ledger at the close of business on the preceding day less, if such day falls in the period between the last Business Day of the month immediately preceding a Determination Date and the application of Actual Redemption Funds in respect of such Series (as defined in the relevant Supplement), (a) any commitments to purchase Substitute Loans on the immediately succeeding Distribution Date and (b) the amount of the Actual Redemption Funds calculated on the relevant Determination Date.

Additional conditions or amendments to these conditions may be specified in the relevant Series Portfolio Purchase Agreement and the relevant Supplement.

Where a Series Portfolio Seller agrees to make a Further Advance to a Borrower, that Series Portfolio Seller will transfer its interest in that Further Advance to the Issuer in consideration for the payment by the Issuer, subject to satisfaction of the conditions set out above, of an amount equal to the Further Advance to that Series Portfolio Seller.

If the conditions set out above are not satisfied in respect of a Further Advance, the Series Portfolio Seller will still transfer its interest in that Further Advance to the Issuer. However, the Issuer will not pay any consideration for such Further Advance but shall instead hold that Further Advance upon trust for the Series Portfolio Seller.

A Series Portfolio Seller may make an advance to a Borrower (other than a Further Advance) secured by a second or more junior charge on a Property or related security provided that such advance is made as a separate loan that will not be included in the relevant Series Portfolio and a Series Portfolio Seller's security for such advance will be subordinated to the relevant Loan and its Collateral Security.

### ***Representations and Warranties***

In connection with the sale of each Series Portfolio, the relevant Series Portfolio Seller will on the applicable Issue Date make certain representations and warranties set out in a Series Portfolio Purchase Agreement in respect of any Series.

No searches, enquiries or independent investigations have been or will be made by the Issuer or the Security Trustee, each of whom is relying upon the representations and warranties in a Series Portfolio Purchase Agreement. The representations and warranties may be waived or varied from time to time in connection with the sale of a particular Series Portfolio.

The representations and warranties may include, *inter alia*, the following:

- (a) each Loan and its related Mortgage is valid, binding and enforceable in accordance with its terms, and is non-cancellable, in each case save by virtue of the UTCCR, and save that enforceability may be limited by bankruptcy, insolvency or other similar laws of general applicability affecting the enforcement of creditors' rights generally and the courts' discretion relating to equitable remedies (and the relevant warranty will not apply in respect of any Mortgage Early Repayment Charges), and each related Mortgage secures the repayment of all advances, interest, costs and expenses payable by the relevant Borrower to the person entitled to the benefit of the relevant Mortgage (the **Mortgagee**)

in priority (other than in relation to Right to Buy Loans) to any other charges registered against the relevant Property;

- (b) subject to completion of any registration or recording which may be pending at any of the Land Registries, each Mortgage (other than in respect of a Right to Buy Loan) constitutes a first ranking legal mortgage in England or Wales or a first ranking mortgage or charge in Northern Ireland or a first ranking standard security in Scotland over the relevant Property, save that, in Northern Ireland, in the event of there subsequently being registered any order charging land in favour of the Department of the Environment for Northern Ireland against any of the Northern Irish Properties and founded on a judgment for rates payable in respect of the land which is the subject of the charge, that order charging land shall take priority over all other charges and encumbrances whatever affecting that land pursuant to Article 51 of the Judgments Enforcement (NI) Order 1981 (and other than as described in paragraph (c) below);
- (c) each Further Advance or release of a Retention is made on terms which are legal, binding and enforceable and the amount of such Further Advance or release of a Retention (together with all related fees, costs and expenses) will have the benefit of the same security (and in the case of a Further Advance, whether under the same charge or standard security or under a second charge or standard security ranking immediately behind the existing charge or standard security, the interest in which, whether equitable or otherwise, has been acquired by the Issuer) as the principal amount outstanding under the relevant Loan immediately prior to the making of such Further Advance or release of a such Retention (as the case may be);
- (d) at the time of origination thereof, the Property intended to be charged to secure the repayment of the Loan was of the kind permitted under the Lending Criteria;
- (e) all steps necessary to perfect a Series Portfolio Seller's legal and beneficial title to each Loan, together with their related Mortgages, were duly taken at the appropriate time or are in the process of being taken with all due diligence;
- (f) no lien, right of rescission, defence or right of set off or counterclaim has been created or arisen in respect of any Loans which would entitle the relevant Borrower thereunder to reduce the amount of any payment otherwise due in respect of such Loan, save in relation to the UTCCR and/or Section 75 of the CCA;
- (g) except in any case where the relevant Property is covered by a Title Insurance Policy, prior to making a Loan to a Borrower, the relevant originator instructed, or required to be instructed on its behalf, solicitors to carry out in relation to the relevant Property all investigations, searches and other actions and enquiries in relation to the Property which a Prudent Mortgage Lender or its solicitors normally make when lending to an individual on the security of residential property in England, Northern Ireland, Scotland or Wales, as applicable, and received from lawyers a report on title relating to the relevant Property, the results of which confirmed that the relevant Borrower had or would acquire good and marketable title or valid and marketable title (as may be applicable) to the relevant Property and that there were no matters of concern affecting the Property;
- (h) prior to making a Loan, the relevant Property was valued by a qualified surveyor from the panel of surveyors from time to time appointed by the relevant originator as further detailed in the relevant Supplement;
- (i) prior to making a Loan the nature and amount of such Loan and the circumstances of the relevant Borrower satisfied the Lending Criteria in all material respects;

- (j) each Loan and its related Mortgage has been made on the terms of the relevant originator's standard mortgage documentation (so far as applicable), which has not been varied in any material respect since the date of completion of such Loan;
- (k) no agreement for any Loan and/or Retention to be released to the Borrower nor any modification thereof is or includes a regulated consumer credit agreement (as defined in Section 8 of the CCA) or constitutes any other agreement regulated or partly regulated by the CCA (other than Sections 137 to 140 of the CCA) or any modification or re-enactment thereof;
- (l) each Property was at completion of the relevant Mortgage covered by (i) a Third Party Policy; or (ii) a block buildings policy providing equivalent cover; or (iii) the relevant originator took all reasonable steps to ensure that at the date of completion of each Mortgage the relevant Property was insured under a policy with an insurance company against fire and other risks usually covered by a comprehensive buildings insurance policy for an amount not less than the full reinstatement value determined by a valuer approved by the relevant originator;
- (m) no Loan has a final maturity date falling beyond the date falling two years prior to the final maturity of the Notes of the relevant Series;
- (n) all Loans were originated or acquired by the relevant Series Originator;
- (o) all Loans are Standard Variable Rate Loans, BBR Loans, LIBOR Loans, Discount Loans, Loaded Loans or Fixed Rate Loans;
- (p) as at the Cut-off Date in respect of a Series, no more than the number of Loans specified in the relevant Supplement are more than or equal to one month in arrears and no Loan is more than the amount specified in that Supplement in arrears or as specified in that Supplement;
- (q) the Borrower has paid at least 100 per cent. or the percentage specified in the relevant Supplement of the first scheduled payment due under the relevant Loan;
- (r) in relation to each Right to Buy Loan: (a)(i) the relevant originator was and is an approved lending institution under the relevant legislation or has obtained a deed of postponement from the relevant local authority postponing the local authority's charge arising under the Housing Act 1985; (ii) the original advance was made to the person exercising the right to buy; (iii) the relevant advance was made for the purpose of enabling the recipient to purchase the relevant Property and certain home improvements; and (iv) the Property does not comprise a flat or a maisonette (except flats in Scotland); or (b) any statutory charge arising in respect of the relevant Property has expired; or (c) the Series Portfolio Purchase Agreement will transfer to the Issuer the benefit of a Title Insurance Policy which provides appropriate cover in the absence of such representation and warranty; and
- (s) in relation to each Buy to Let Loan: (i) (in relation to English Property) the relevant tenancy is an assured shorthold tenancy or (in relation to Scottish Property) a short assured tenancy; or (ii) (in relation to English Property, Scottish Property or Northern Irish Property) the tenancy agreement as at the time of origination of the relevant Buy to Let Loan is on terms which would be acceptable to a Prudent Mortgage Lender and the relevant Series Portfolio Seller is not aware of any material breach of such agreement.

In the event of a breach of any of the representations and warranties in the relevant Series Portfolio Purchase Agreement that is either not remedied or not capable of being remedied (in the opinion of the relevant Series Administrator) which could have a material adverse effect on a Loan and its Collateral Security, the relevant Series Portfolio Seller will have the obligation, *inter alia*, either:

- (a) to ensure and to procure the repurchase by it of the relevant Loan and its related Mortgage as described below under "*Transaction Documents – Series Portfolio Purchase Agreements - Requirement to Repurchase*"; or
- (b) to transfer to the Issuer a Substitute Loan (as described below) in replacement of the relevant Loan affected by the breach of the relevant representations and warranties.

Performance of the obligation to repurchase will be in satisfaction of all of the relevant Series Portfolio Seller's liabilities in respect of the representations and warranties relating to that Loan and its Collateral Security.

### ***Substitute Loans***

If a Series Portfolio Seller is required to repurchase a Loan in respect of a Series (other than a Converted Loan), that Series Portfolio Seller will be entitled to transfer to the Issuer a replacement Loan (a **Substitute Loan**) subject to the following conditions:

- (a) the Substitute Loan will not be a different type of Loan from those Loans in the relevant Series Portfolio, unless otherwise consented to by the Security Trustee and the Rating Agencies confirm that the current ratings of the relevant Series of Notes will not be adversely affected;
- (b) the Substitute Loan was originated in accordance with the Lending Criteria applicable to the relevant Series Portfolio;
- (c) the conditions set out in the relevant Series Portfolio Purchase Agreement relating to the transfer of Substitute Loans are satisfied;
- (d) no Programme Insolvency Event or Series Event of Default in respect of the relevant Series has occurred and is continuing as at the relevant Issue Date;
- (e) it is not in breach of any obligation on its part to repurchase any Loan in accordance with the relevant Series Portfolio Purchase Agreement;
- (f) the balance of the Substitute Loans to be sold (together with the amount of all Further Advances purchased and the aggregate balances of the other Substitute Loans acquired by the Issuer on that day in respect of the relevant Series Portfolio) when added to the amount of any Further Advances previously purchased and the aggregate balances of Substitute Loans previously purchased in respect of the relevant Series Portfolio does not exceed an agreed percentage (as specified in the relevant Series Portfolio Purchase Agreement) of the aggregate Balances of the Loans in the Series Portfolio on the Issue Date in respect of the relevant Series;
- (g) following the transfer of a Substitute Loan required to be made on a Distribution Date, the product of the WAFF and WALs for that Series Portfolio after such transfer, and after all other transfers of Substitute Loans required to be made on such Distribution Date calculated on the Determination Date immediately preceding such Distribution Date in the same way as for that Series Portfolio (or as agreed by that Series Portfolio Seller and the Rating Agencies (other than Moody's) from time to time) would not exceed the product of the WAFF and WALs for that Series Portfolio calculated on the relevant Issue Date, plus 0.25 per cent. provided that the figure of 0.25 per cent. may be increased from time to time upon the Rating Agencies agreeing that such increase will not adversely affect the then current ratings of the Notes of the relevant Series (or as otherwise agreed by that Series Portfolio Seller and the Rating Agencies); and

- (h) where any Substitute Loan is a Fixed Rate Loan, the relevant Fixed Rate Period applicable to such Fixed Rate Loan will expire prior to the maturity of the relevant Series Interest Rate Swap Agreement.

### ***Requirement to Repurchase***

In the event that a Series Portfolio Seller is required to repurchase a Loan and its Collateral Security under a Series Portfolio Purchase Agreement in respect of any Series Portfolio, due to a breach of the representations and warranties in the relevant Series Portfolio Purchase Agreement in respect of a Loan, or repurchase a Converted Loan, the repayment price payable in respect of the affected Loan and its Collateral Security will equal the Balance of the relevant Loan plus all other amounts due and unpaid under such Loan and accrued and unpaid (but not capitalised) interest plus the reasonable costs of the Issuer incurred in relation to such repurchase (less interest not then accrued but paid in advance to the Issuer which the Issuer shall be entitled to retain).

### ***Transfer of Title to the Loans to the Issuer***

The relevant Series Portfolio Seller will have legal title to, and beneficial interest in, each Loan on the relevant Issue Date, subject to completion of registration or recording of legal title as described herein. Some of the Loans in a Series Portfolio may have been originated by a party other than a relevant Series Originator with legal and beneficial title to such Loans having been assigned to a relevant Series Originator and in turn assigned to the relevant Series Portfolio Seller prior to the relevant Issue Date. The holding of legal title to Mortgages only recently transferred to or originated by the relevant Series Originator and transferred to the relevant Series Portfolio Seller in turn will be subject to completion of registration or recording (as applicable) at the relevant Land Registries, as appropriate.

English Loans and Northern Irish Loans will be sold by a Series Originator to a Series Portfolio Seller by way of legal assignment and then from that Series Portfolio Seller to the Issuer by way of equitable assignment. Scottish Loans will be sold by a Series Originator to a Series Portfolio Seller by way of assignation and then from that Series Portfolio Seller to the Issuer on the relevant Issue Date by way of a Scottish Declaration of Trust by the relevant Series Portfolio Seller in favour of the Issuer. Such Scottish Declaration of Trust (as opposed to an assignation of the Scottish Mortgages) cannot be registered in the Land Register or Sasine Register.

As a result, legal title to the Loans and their Collateral Security will remain with the relevant Series Portfolio Seller (subject to the completion of registration or recording in respect of the relevant Series Portfolio Seller's interest in the Mortgages as discussed above) until legal assignments or assignations (as appropriate) are delivered by the relevant Series Portfolio Seller to the Issuer and notice of the sale is given to the relevant Borrowers. Legal assignment or assignation (as appropriate) of the Loans and their Collateral Security (including, where appropriate, their registration or recording in the relevant property register) to the Issuer will be deferred and will only take place in the limited circumstances described below.

Legal assignment or assignation (as appropriate) of the Loans and their Collateral Security in a Series Portfolio will be completed in the event of any of the following:

- (a) following the occurrence of a Series Event of Default in respect of the relevant Series or a Programme Insolvency Event and a Series Enforcement Notice, a Series Acceleration Notice or a Programme Enforcement Notice, as applicable, has been served by the Security Trustee or the Series Note Trustee, as the case may be; or
- (b) it is required by law, by an order of a court of competent jurisdiction or by a mandatory requirement of any regulatory authority; or



- (c) the Security Trustee considers that the Security in respect of that Series or any part thereof is in jeopardy.

Pending completion of the transfer, the right of the Issuer to exercise the powers of the legal owner of, or (in Scotland) the heritable creditor under, the Mortgages will be secured and supported by an irrevocable power of attorney granted by a Series Portfolio Seller in favour of the Issuer and the Security Trustee.

The Title Deeds relating to the Loans in each Series Portfolio will be held by or to the order of each relevant Series Administrator, or by solicitors or licensed conveyancers acting for each relevant Series Administrator in connection with the administration of the Loans and their Collateral Security. Each relevant Series Administrator will undertake that all the Title Deeds relating to the Loans in a Series Portfolio which are at any time in their possession or under their control or held to their order will be held to the order of the Security Trustee or as the Security Trustee may direct.

#### ***Series Portfolio Sellers will not retain Arrears***

Under the terms of each Series Portfolio Purchase Agreement, the relevant Series Portfolio Seller shall sell its respective rights to receive any sums due under the relevant Loans in respect of Arrears and its respective rights to demand, sue for, recover, receive and give receipts for all principal moneys payable or to become payable under such Loans or the unpaid part thereof and the interest due or to become due thereon and for any other sums due under such Loans. Any payments received by the Issuer in respect of those Arrears will comprise part of the relevant Series Portfolio and will be refunded to the Series Portfolio Seller as a Series Permitted Withdrawal (and paid outside of the relevant Series Priorities of Payments).

#### ***Governing law***

Each Series Portfolio Purchase Agreement will be governed by English law (other than certain aspects specific to Scottish Loans and Northern Irish Loans (if applicable), which will be governed by Scots law and Northern Irish law respectively) and made by way of a deed.

#### ***Series Administration Agreement***

In respect of each Series Portfolio, the Security Trustee will enter into one or more series administration agreements (each, a **Series Administration Agreement**) with such party or parties as specified in the relevant Supplement in its capacity as a Series Administrator (each, a **Series Administrator**). Pursuant to each Series Administration Agreement, each Series Administrator will provide administrative and management services in respect of the Loans and Mortgages in the relevant Series Portfolio sold to the Issuer by the relevant Series Portfolio Seller.

#### ***Services***

Each Series Administrator on behalf of and as agent for the Issuer will manage the relevant Series Portfolio on a segregated basis. Services to be provided by the Series Administrators in respect of each Series Portfolio include the following:

- (a) managing the Loans, the Mortgages, the Collateral Security and other security save to the extent that they are undertaken by a Series Mortgage Servicer or, if applicable, Series Mortgage Special Servicer, including but not limited to providing a Series Mortgage Servicer or Series Mortgage Special Servicer, if applicable, with instructions as may be required;
- (b) preparing and submitting all applications required for any approval, authorisation, consent or licence on behalf of and in connection with the business of the Issuer;

- (c) providing details of any Mortgage Rate changes;
- (d) providing all reasonable instructions to a Series Mortgage Servicer and/or Series Mortgage Special Servicer (as applicable) to enable it to collect payments due and enforce all covenants and obligations under the Mortgages; and
- (e) maintaining the Series Bank Accounts with authorised institutions of a specified rating.

***Sub-Contracting and Delegation***

A Series Administrator is permitted with prior notification to the Issuer, the Security Trustee and the Rating Agencies, to sub-contract or delegate its obligations under a Series Administration Agreement subject to the proposed arrangement not adversely affecting the then current ratings of the Notes of the relevant Series.

Notwithstanding any sub-contracting or delegation of the performance of any of its obligations under any Series Administration Agreement, each Series Administrator will remain primarily responsible for its obligations under the relevant Series Administration Agreement.

The Issuer and the Security Trustee shall not be responsible for any fee, cost or expense as a result of a Series Administrator entering into a sub-contracting arrangement.

***Termination of the Appointment of the Series Administrator***

The appointment of a Series Administrator in respect of a Series under the Programme may be terminated by the Issuer (with the consent of the Security Trustee) or the Security Trustee if, among other things, any of the following events occur:

- (a) an insolvency event occurs in relation to the relevant Series Administrator; or
- (b) a Programme Enforcement Notice is given and the Security Trustee is of the opinion that the continuation of the appointment of the relevant Series Administrator is materially prejudicial to the interests of the Noteholders and/or the Series MERC Holders and/or the Series Residual Holders of each Series under the Programme.

The appointment of a Series Administrator in respect of a Series will be terminated by the Issuer (with the consent of the Security Trustee) or the Security Trustee on the occurrence of certain events of default, including non-performance of its obligations under the relevant Series Administration Agreement.

A Series Administrator may terminate its appointment in respect of a Series upon three months' prior notice to the Issuer and the Security Trustee, subject to certain conditions being met, including the prior consent of the Security Trustee. No termination of the appointment of a Series Administrator will be effective until a substitute Series Administrator has been appointed.

Any replacement series administrator must have experience of administering mortgages of residential property in England, Wales, Scotland and Northern Ireland and must enter into an agreement on substantially the same terms as the Series Administration Agreement in respect of the relevant Series. It is a condition to the appointment of a replacement Series Administrator that the Security Trustee consents to such appointment, and that the Rating Agencies confirm that the then current ratings of the Notes of the relevant Series will not be adversely affected by such appointment.

On termination of the appointment of a Series Administrator, that Series Administrator shall be entitled to receive all fees and other moneys accrued up to the date of termination but shall not be entitled to any other moneys by way of compensation. Such moneys so receivable by that Series Administrator shall be paid by

the Issuer on the dates on which they would otherwise have fallen due under such Series Administration Agreement but payment of such moneys will be subordinated to the obligation of the Issuer to pay the fees of any substitute series administrator which fall due on the same day. The Issuer shall be entitled to set off against any sums payable to a Series Administrator under the relevant Series Administration Agreement, all sums due from a Series Administrator to the Issuer and/or the Security Trustee under the relevant Series Administration Agreement.

### ***Series Administration Fees***

Each Series Administration Agreement will make provision for fees to be paid to the relevant Series Administrator for services provided in respect of each Series Portfolio as well as for the reimbursement of certain costs and expenses incurred in connection therewith. Series Administrator fees in respect of a Series Portfolio will be paid in accordance with the applicable Series Priorities of Payments as set out in the relevant Supplement.

The Issuer and the Security Trustee shall not be responsible for any fee, cost or expense as a result of a Series Administrator entering into a sub-contracting arrangement.

### ***Services not exclusive***

A Series Administrator may provide services to other parties and may service mortgage loans other than the Loans sold to the Issuer and carry on business similar to or in competition with the business of the Issuer or Security Trustee.

### ***Governing law***

Each Series Administration Agreement will be governed by English law.

### **Series Mortgage Servicing Agreement**

Each Series Mortgage Servicer specified in the relevant Supplement will be required to service the relevant Series Portfolio on behalf of the Issuer and the Security Trustee (to the extent of their respective interests) under a Series Mortgage Servicing Agreement.

### ***Services***

The duties of a Series Mortgage Servicer will include in respect of each Series the following:

- (a) maintaining the loan account in respect of each Borrower, making appropriate debit and credit entries in accordance with the terms of the applicable Loan and sending each Borrower an account statement annually;
- (b) collecting the scheduled monthly payments due on the relevant Loans. Payments due on the majority of the relevant Loans are settled by direct debit. A Series Mortgage Servicer will be, therefore, required to process and administer direct debits in accordance with BACS Rules and Regulations. The payments due from Borrowers collected by direct debits are credited automatically to the relevant Series Operational Account and then swept, on a weekly basis (unless a more frequent sweep is specified in the relevant Supplement or a downgrade of the Series Operational Account Bank or the relevant Series Portfolio Seller occurs), to the relevant Series GIC Bank Account. Payments by other methods (such as cheque, cash and standing orders) are also credited by a Series Mortgage Servicer to the relevant Series Operational Account and then swept, except in certain limited circumstances, on a weekly basis (unless a more frequent sweep is specified in the relevant

Supplement or a downgrade of the Series Operational Account Bank or the relevant Series Portfolio Seller occurs) to the relevant Series GIC Bank Account;

- (c) arranging annual renewal of buildings insurance where a Borrower maintains such insurance through a block policy. To the extent that Borrowers maintain insurance with other insurers (i.e., not on the block buildings policy) such policies will be approved by the Series Mortgage Servicer provided it considers such policies in its reasonable opinion to be appropriate to the Insured Risks;
- (d) dealing with the administrative aspects of redemption of each applicable Loan in respect of each Series Portfolio. This includes arranging for the release of the deeds relating to the relevant Property together with the deed of release or discharge of the Mortgage to the relevant Borrower upon receipt of amounts required to pay the Loan;
- (e) dealing with enquiries and requests from Borrowers. These may include providing a credit reference from the lender, consenting to a transfer from joint Borrowers to a single Borrower (for example, upon a divorce); approving a tenancy agreement where a Borrower wishes temporarily to let the Property and providing details of the current outstanding balance;
- (f) resubmitting direct debit requests following a rejection of the first submission of a direct debit request; and
- (g) unless a Series Mortgage Special Servicer is appointed in relation to the relevant Series, to carry out the duties of a Series Mortgage Special Servicer described under "*Series Mortgage Special Servicing Agreement – Services*" below.

Each Series Mortgage Servicer will be obliged under the relevant Series Mortgage Servicing Agreement to act upon the instructions of the relevant Series Administrator in relation to certain aspects of the administration of the Loans and the related Mortgages. A Series Administrator shall exercise such rights vested in it for the purpose of administering the relevant Series Portfolio as would be exercised by a Prudent Mortgage Lender.

#### ***Compliance with regulatory obligations***

Under Directive 2003/6/EC of 28 January 2003 (and the Level 2 implementing measures) (the **Market Abuse Directive**) as implemented in Ireland, the Issuer is required to publicly disclose without delay any "inside information" (broadly, any non-public information of a precise nature which may have a significant price effect on the price of the Notes) which directly concerns the Issuer. Unless otherwise specified in the relevant Supplement, pursuant to each Series Mortgage Servicing Agreement, each Series Mortgage Servicer will agree to assist the Issuer with the Issuer's requirements under the Market Abuse Directive, including monitoring and assessing all information received by it relating to the Loans and/or the Properties for the purposes of determining whether such information is or includes inside information. The Series Mortgage Servicer will agree to promptly notify the Issuer of any inside information and, in certain circumstances, to publicly disclose the inside information in accordance with certain requirements.

In particular, under the relevant Series Mortgage Servicing Agreement, other than in certain limited circumstances, or as otherwise specified in the applicable Supplement, the Series Mortgage Servicer will agree to publicly disclose the following types of information relating to the Loans or any Property:

- (a) information likely to have a material impact on the value of the Loans or any Property (including any material reductions in the value of a Property based on professional valuations commissioned by the Servicer) (for the avoidance of doubt, nothing in this paragraph shall require the Servicer to commission any such valuations if it would not otherwise have been obliged under this Agreement to do so);

- (b) any prepayment of more than 10 per cent. of the Mortgage Loans in the Mortgage Pool;
- (c) the commencement of arrears or default proceedings with respect to more than 10 per cent. of the Mortgage Loans in the Mortgage Pool;
- (d) any prepayment of more than 10 per cent. of a Loan;
- (e) rent reviews affecting more than 10 per cent. of the gross annual rental income applied to service a Borrower's payment obligations in relation to a Loan;
- (f) any material default with respect to a Loan;
- (g) the presence of an environmental hazard at any Property;
- (h) any material buildings insurance claims made by a Borrower in respect of a Property;

Notwithstanding the arrangements described above, the Issuer may publicly disclose any inside information itself.

***Mortgage Servicer quarterly report***

Pursuant to the relevant Series Mortgage Servicing Agreement, unless otherwise specified in the relevant Supplement, the Series Mortgage Servicer will agree to deliver to the Issuer, the Security Trustee, the Series Mortgage Special Servicer (if any) and the Rating Agencies, as soon as is reasonably practical after each Distribution Date, a servicing report in respect of each Property. Each servicing report will include the information prescribed in the standard CMSA investor reporting package (for Europe) (available at <http://www.cmbs.org/international/E-IRP.html>).

A copy of each servicing report produced will be included in each Series Performance Report.

***Sub-Contracting and Delegation***

The Series Mortgage Servicer is permitted in specified circumstances or with prior notification to the Issuer, the relevant Series Administrator, the Security Trustee and the Rating Agencies to sub-contract or delegate its obligations under a Series Mortgage Servicing Agreement subject to the proposed arrangement not adversely affecting the then current ratings of the Notes of the relevant Series.

Notwithstanding any sub-contracting or delegation of the performance of any of its obligations under any Series Mortgage Servicing Agreement, each Series Mortgage Servicer will remain primarily responsible for its obligations under the relevant Series Mortgage Servicing Agreement. Without prejudice to the generality of the foregoing, it is envisaged that in relation to any Series where UBS AG, London Branch is appointed as Series Mortgage Servicer, it may sub-contract the performance of its duties as Series Mortgage Servicer pursuant to certain outsourcing arrangements as specified in the relevant Supplement. In such cases the relevant sub-contractor will provide a declaration in favour of the Security Trustee that any files, property deeds, and moneys held by it relating to the Series Portfolio will be held to its order and that any security interest to which it may be entitled in relation to the Mortgages or Loans and any other Collateral Security forming the relevant Series Portfolio is waived.

***Termination of the Appointment of the Series Mortgage Servicer***

The appointment of a Series Mortgage Servicer in respect of a Series under the Programme may be terminated by the Issuer (with the consent of the Security Trustee) or the Security Trustee if, among other things, any of the following events occur:

- (a) an insolvency event occurs in relation to the relevant Series Mortgage Servicer; or
- (b) a Programme Enforcement Notice is given and the Security Trustee is of the opinion that the continuation of the appointment of the relevant Series Mortgage Servicer is materially prejudicial to the interests of the Noteholders and/or the Series MERC Holders and/or the Series Residual Holders of each Series under the Programme.

The appointment of a Series Mortgage Servicer in respect of a Series will be terminated by the Issuer (with the consent of the Security Trustee) or the Security Trustee on the occurrence of certain events of default, including non-performance of its obligations under the relevant Series Mortgage Servicing Agreement.

A Series Mortgage Servicer may terminate its appointment in respect of a Series upon twenty-four months' prior notice to the Issuer and the Security Trustee, subject to certain conditions being met, including the prior consent of the Security Trustee. No termination of the appointment of a Series Mortgage Servicer will be effective until a substitute series mortgage servicer has been appointed.

Any replacement series mortgage servicer must have experience of administering mortgages of residential property in England, Wales, Scotland and Northern Ireland and must enter into an agreement on substantially the same terms as the Series Mortgage Servicing Agreement in respect of the relevant Series. It is a condition to the appointment of a replacement series mortgage servicer that the Security Trustee consents to such appointment, and that the Rating Agencies confirm that the then current ratings of the Notes of the relevant Series will not be adversely affected by such appointment.

#### ***Series Mortgage Servicing Fees***

Each Series Mortgage Servicing Agreement will make provision for fees to be paid to each relevant Series Mortgage Servicer for services provided in respect of each Series Portfolio as well as for the reimbursement of certain costs and expenses incurred in connection therewith. Series Mortgage Servicing fees in respect of a Series Portfolio will be paid in accordance with the applicable Series Priorities of Payments as set out in the relevant Supplement.

The Issuer and the Security Trustee shall not be responsible for any fee, cost or expense as a result of a Series Mortgage Servicer entering into a sub-contracting arrangement.

#### ***Services not exclusive***

A Series Mortgage Servicer may provide services to other parties and may service mortgage loans other than the Loans sold to the Issuer and carry on business similar to or in competition with the business of the Issuer or the Security Trustee.

#### ***Governing Law***

Each Series Mortgage Servicing Agreement will be governed by English law.

#### **Series Mortgage Special Servicing Agreement**

If a Series Mortgage Special Servicer is specified in the relevant Supplement, each such Series Mortgage Special Servicer will be required to perform monitoring and collection of arrears and enforcement services in relation to the Loans and Mortgages in the relevant Series Portfolio on behalf of the Issuer and the Security Trustee (to the extent of their respective interests) under a Series Mortgage Special Servicing Agreement.

## *Services*

The duties of a Series Mortgage Special Servicer will include in respect of each Series the following:

- (a) subject to paragraph (d) below, the provision at all times during the term of the relevant Series Mortgage Special Servicing Agreement of enforcement services in relation to the Loans, the Mortgages and other relevant Assigned Rights in the relevant Series Portfolio and all related matters in accordance with the Special Servicing Specifications and according to the service levels as specified in the Special Servicing Specifications (and, where not so specified, as provided elsewhere in that Series Mortgage Special Servicing Agreement);
- (b) the monitoring and collection of all payments due under or in connection with the Loans, the Mortgages and other relevant Assigned Rights in the relevant Series Portfolio;
- (c) to obtain and, where requested, act upon the instructions of the relevant Series Administrator, to enforce all covenants, undertakings and obligations of each Borrower in accordance with the Enforcement Procedures and to comply with all reasonable requirements of that Series Administrator in relation to such enforcement within the Enforcement Procedures or, to the extent that the Enforcement Procedures are not applicable having regard to the nature of the default in question, comply with the reasonable requirements of that Series Administrator in respect of such default. Each Series Mortgage Special Servicer will be obliged under the relevant Series Mortgage Special Servicing Agreement to act upon the instructions of the relevant Series Administrator in relation to certain aspects of the administration of the Loans and the related Mortgages. A Series Administrator shall exercise such rights vested in it for the purpose of administering the relevant Series Portfolio as would be exercised by a Prudent Mortgage Lender; and
- (d) to commence procedures to enforce any Loan, Mortgage or Assigned Rights in respect of any Borrower on the Special Servicing Commencement Date, which date shall occur in relation to any Borrower where that Borrower has not made a payment in respect of interest or principal under its Loan on or before the date falling eight days from the due date for payment (treating the payment due date as day one), such eighth day being the **Special Servicing Commencement Date** (save that the non-occurrence of such date shall not otherwise limit or delay the commencement of the obligations of the Series Mortgage Special Servicer under the relevant Series Mortgage Special Servicing Agreement, which shall commence on the date thereof).

## *Sub-Contracting and Delegation*

The Series Mortgage Special Servicer is permitted in specified circumstances or with prior notification to the Issuer, the relevant Series Administrator, the Security Trustee and the Rating Agencies to sub-contract or delegate its obligations under a Series Mortgage Special Servicing Agreement subject to the proposed arrangement not adversely affecting the then current ratings of the Notes of the relevant Series.

Notwithstanding any sub-contracting or delegation of the performance of any of its obligations under any Series Mortgage Special Servicing Agreement, each Series Mortgage Special Servicer will remain primarily responsible for its obligations under the relevant Series Mortgage Special Servicing Agreement. Without prejudice to the generality of the foregoing, it is envisaged that in relation to any Series where UBS AG, London Branch is appointed as Series Mortgage Special Servicer, it may sub-contract the performance of its duties as Series Mortgage Special Servicer pursuant to certain outsourcing arrangements as specified in the relevant Supplement. In such cases the relevant sub-contractor will provide a declaration in favour of the Security Trustee that any files, property deeds, and moneys held by it relating to the Series Portfolio will be held to its order and that any security interest to which it may be entitled in relation to the Mortgages or Loans and any other Collateral Security forming the relevant Series Portfolio is waived.

### ***Termination of the Appointment of the Series Mortgage Special Servicer***

The appointment of a Series Mortgage Special Servicer in respect of a Series under the Programme may be terminated by the Issuer (with the consent of the Security Trustee) or the Security Trustee if, among other things, any of the following events occur:

- (a) an insolvency event occurs in relation to the relevant Series Mortgage Special Servicer; or
- (b) a Programme Enforcement Notice is given and the Security Trustee is of the opinion that the continuation of the appointment of the relevant Series Mortgage Special Servicer is materially prejudicial to the interests of the Noteholders and/or the Series MERC Holders and/or the Series Residual Holders of each Series under the Programme.

The appointment of a Series Mortgage Special Servicer in respect of a Series will be terminated by the Issuer (with the consent of the Security Trustee) or the Security Trustee on the occurrence of certain events of default, including non-performance of its obligations under the relevant Series Mortgage Special Servicing Agreement.

A Series Mortgage Special Servicer may terminate its appointment in respect of a Series upon twenty-four months' prior notice to the Issuer and the Security Trustee, subject to certain conditions being met, including the prior consent of the Security Trustee. No termination of the appointment of a Series Mortgage Special Servicer will be effective until a substitute series mortgage special servicer has been appointed.

Any replacement series mortgage special servicer must have experience of administering mortgages of residential property in England, Wales, Scotland and Northern Ireland and must enter into an agreement on substantially the same terms as the Series Mortgage Special Servicing Agreement in respect of the relevant Series. It is a condition to the appointment of a replacement series mortgage special servicer that the Security Trustee consents to such appointment, and that the Rating Agencies confirm that the then current ratings of the Notes of the relevant Series will not be adversely affected by such appointment.

### ***Series Mortgage Special Servicing Fees***

Each Series Mortgage Special Servicing Agreement will make provision for fees to be paid to each relevant Series Mortgage Special Servicer for services provided in respect of each Series Portfolio as well as for the reimbursement of certain costs and expenses incurred in connection therewith. Series Mortgage Special Servicing fees in respect of a Series Portfolio will be paid in accordance with the applicable Series Priorities of Payments as set out in the relevant Supplement.

The Issuer and the Security Trustee shall not be responsible for any fee, cost or expense as a result of a Series Mortgage Special Servicer entering into a sub-contracting arrangement.

### ***Services not exclusive***

A Series Mortgage Special Servicer may provide services to other parties and may service mortgage loans other than the Loans sold to the Issuer and carry on business similar to or in competition with the business of the Issuer or the Security Trustee.

### ***Governing Law***

Each Series Mortgage Special Servicing Agreement will be governed by English law.



### **Series Standby Mortgage Servicing Agreement**

If specified in the applicable Supplement, the Issuer and the Security Trustee will enter into a series standby mortgage servicing agreement (a **Series Standby Mortgage Servicing Agreement**) to be dated on or about the relevant Issue Date with such party or parties as specified in the relevant Supplement in its capacity as a series standby mortgage servicer (each, a **Series Standby Mortgage Servicer**) in respect of each Series Portfolio. The terms of each Series Standby Mortgage Servicing Agreement will provide that, if the appointment of the Series Mortgage Servicer is terminated and no substitute series mortgage servicer can be found who is willing to act as a Series Mortgage Servicer, the Series Standby Mortgage Servicer will assume the administration functions in relation to the Loans to the extent such functions are contracted to be carried out by the relevant Series Mortgage Servicer), *inter alia*, with respect to the relevant Series Portfolio on behalf of the Issuer and the Security Trustee according to their respective interests.

Each Series Standby Mortgage Servicing Agreement will be governed by English law.

### **Programme Bank Account Agreement**

Pursuant to the terms of a programme bank account agreement (the **Programme Bank Account Agreement**) dated on or about the Programme Date between, *inter alios*, the Issuer, HSBC Bank plc as the programme account bank (the **Programme Account Bank**) and the Security Trustee, the Issuer will open with the Programme Account Bank a bank account in the name of the Issuer for the purposes of the Programme (the **Programme Account**).

The Programme Account, as well as any other account opened by the Issuer with a Programme Account Bank from time to time under the Programme Bank Account Agreement, will be operated in accordance with the Programme Bank Account Agreement, the Programme Cash Management Agreement, the Security Deed and the Intercreditor Deed.

Amounts standing to the credit of the Programme Account may only be withdrawn in accordance with the Programme Priority of Payments. See "*Credit Structure – Programme Priority of Payments*" below.

The Programme Account Bank will provide the Issuer, the Programme Cash Manager, the Programme Calculation and Reporting Agent and the Security Trustee with account statements in respect of the Programme Account.

In the event that the Programme Account Bank's short term unsecured debt rating is downgraded below P-1 by Moody's, A-1+ by Standard & Poor's and F-1+ by Fitch, the Issuer, the Programme Cash Manager and the Programme Account Bank shall each use their best endeavours to procure that the Programme Account shall be transferred to a financial institution having a short term unsecured debt rating of P-1 by Moody's, A-1+ by Standard & Poor's and F-1+ by Fitch pursuant to an agreement with such institution in substantially the same form as the Programme Bank Account Agreement within a period not exceeding 30 days from the date on which such downgrade occurred.

The Programme Bank Account Agreement will be governed by English law.

### **Series Bank Account Agreements**

Unless otherwise specified in the relevant Supplement, the Series Account Bank in respect of each Series will be HSBC Bank plc, and the Series GIC Account Bank in respect of each Series will be the series GIC account bank specified in the relevant Supplement and the relevant Series Bank Account Agreement.

### ***Series Bank Accounts***

In respect of each Series and Series Portfolio, the Issuer will pursuant to the terms of a Series Bank Account Agreement entered into on or about the relevant Issue Date open with the Series Account Bank a bank account in the name of the Issuer for the relevant Series (each a **Series Transaction Account**). In relation to each Series, the Issuer will also open a series GIC account with the relevant Series GIC Account Bank in respect of investments to be made by or on behalf of the Issuer in respect of that Series other than in respect of amounts standing to the credit of the relevant Series Reserve Ledger (a **Series GIC Bank Account**) and a series GIC reserve account with the relevant Series GIC Account Bank in respect of amounts standing to the credit of the relevant Series Reserve Ledger (a **Series GIC Reserve Account** and together with the Series GIC Bank Account, **the Series GIC Accounts** and, together with the Series Transaction Account, **the Series Bank Accounts**).

The Issuer will use each Series Transaction Account as its current account in respect of each Series and Series Portfolio and as the account from which it will make its payments in respect of the relevant Series. Amounts from the relevant Series GIC Accounts will be automatically credited to the related Series Transaction Account to ensure the Issuer always has sufficient funds in the relevant Series Transaction Account to make its payments subject to sufficient funds being available to the Issuer in the relevant Series GIC Accounts.

The Series GIC Account Bank will, in respect of each Series GIC Account, contract to pay a specific rate of interest on funds on deposit in the relevant Series GIC Account pursuant to a guaranteed investment contract (a **Series Guaranteed Investment Contract**) in respect of each Series. The following amounts will be deposited in each Series GIC Bank Account in respect of each Series Portfolio: (i) on the Issue Date, the Issuer will deposit the Prefunded Loan Amount and the Series Prefunding Interest Shortfall Amount in the relevant Series GIC Bank Account; (ii) from time to time, all amounts received from the Borrowers in respect of a Series Portfolio, will be transferred weekly (unless a more frequent sweep is specified in the relevant Supplement or a downgrade of the Series Operational Account Bank or the Series Portfolio Seller occurs) from the relevant Series Operational Account to the relevant Series GIC Bank Account; and (iii) from time to time, amounts credited (if any) to the relevant Series Liquidity Ledger or the relevant Series Further Advances Ledger. Amounts credited to the relevant Series Reserve Ledger will, on the Issue Date and from time to time, be deposited in the relevant Series GIC Reserve Account in respect of each Series Portfolio. Each of the Series Bank Accounts, as well as any other account opened by the Issuer with the Series Account Bank from time to time under a Series Bank Account Agreement, will be operated in accordance with the Series Bank Account Agreement, the relevant Series Cash Management Agreement, the Intercreditor Deed, the relevant Series Intercreditor Deed Supplement and the Security Deed.

Each Series Account Bank will maintain, and the relevant Series Cash Manager will on behalf of the Issuer operate, each Series Bank Account on a segregated basis. Only amounts received in respect of a particular Series and the related Series Assets will be deposited in the relevant Series Bank Accounts. Amounts standing to the credit of the Series Bank Accounts of a particular Series may only be withdrawn in accordance with the applicable Series Priorities of Payments set out in the relevant Supplement.

The relevant Series Account Bank will provide the Issuer, the relevant Series Cash Manager, the relevant Series Calculation and Reporting Agent and the Security Trustee with account statements in respect of the relevant Series Bank Accounts upon request.

In the event that a Series Account Bank's or Series GIC Account Bank's short term unsecured debt rating is downgraded below P-1 by Moody's, A-1+ by Standard & Poor's and F-1+ by Fitch, the Issuer, the relevant Series Cash Manager and that Series Account Bank or that Series GIC Account Bank (as relevant) shall each use their best endeavours to procure that the relevant Series Bank Account shall be transferred to a financial institution having a short term unsecured debt rating of P-1 by Moody's, A-1+ by Standard & Poor's and F-1+ by Fitch, pursuant to an agreement with such institution in substantially the form as the relevant Series

Bank Account Agreement within a period not exceeding 30 days from the date on which such downgrade occurred.

Each Series Bank Account Agreement will be governed by English law.

### *Series Operational Account*

Payments by Borrowers in respect of amounts due under the Loans in respect of each Series Portfolio should be collected, in the majority of cases, by direct debit and credited automatically into an account maintained by a Series Portfolio Seller with Barclays Bank PLC as the **Series Operational Account Bank** (the **Series Operational Accounts**) in accordance with the relevant Series Bank Account Agreement.

A Series Operational Account will be opened with the Series Operational Account Bank for receipt of amounts in respect of Loans in one or more Series Portfolios which are received by direct debit or non-direct debit. Depending on the practice of the Series Mortgage Servicer, a single bank account may serve as Series Operational Account in respect of one or more Series, but amounts received in respect of Loans of different Series will in all cases be administered on a segregated basis. Amounts due to the Issuer in respect of any Series will be swept on a weekly basis (unless a more frequent sweep is specified in the relevant Supplement or a downgrade of the Series Operational Account Bank or the relevant Series Portfolio Seller occurs) from such Series Operational Account into the relevant Series GIC Bank Account. Amounts paid by borrowers in respect of loans purchased by the Series Portfolio Seller where such loans have not been transferred to the Issuer may also be deposited in a Series Operational Account, and such amounts will be transferred to an account of the Series Portfolio Seller at its discretion.

Each Series Portfolio Seller will agree to hold all payments from Borrowers in respect of the Loans in each Series Portfolio sold to the Issuer and received in the relevant Series Operational Account on trust for the Issuer pursuant to a declaration of trust contained in the Series Portfolio Purchase Agreement (the **Series Operational Account Declaration of Trust**) and such Series Operational Account Declaration of Trust will be acknowledged by the Series Operational Account Bank pursuant to the Series Bank Account Agreement. The Issuer's rights under the Series Operational Account Declaration of Trust will be comprised in the Security granted by the Issuer under the Security Deed.

In the event that the short term unsecured debt rating of either a Series Operational Account Bank or of the relevant Series Portfolio Seller in whose name the Series Operational Account is held is downgraded below P-1 by Moody's, A-1+ by Standard & Poor's and F-1+ by Fitch, the relevant Series Mortgage Servicer will be required to transfer sums standing to the credit of the Series Operational Account to which the Issuer is entitled into the relevant Series Bank Account within two Business Days of receipt.

### **Programme Cash Management Agreement**

Pursuant to the terms of a cash management agreement (the **Programme Cash Management Agreement**) dated on or about the Programme Date among HSBC Bank plc as the programme cash manager (the **Programme Cash Manager**), Wells Fargo Securitisation Services Limited as the programme calculation and reporting agent (the **Programme Calculation and Reporting Agent**), the Issuer, the Programme Financial Servicer (as defined below) and the Security Trustee, the Programme Cash Manager will provide certain cash management services to the Issuer in respect of the Programme. HSBC Bank plc and Wells Fargo Securitisation Services Limited may novate their respective obligations under the Programme Cash Management Agreement to another party in the future subject to the consent of the Issuer and the Security Trustee and subject to the then current ratings of the Notes of any Series assigned by each of the Rating Agencies not being adversely effected.

### ***Programme Services***

The Programme Calculation and Reporting Agent's services in respect of the Programme include but are not limited to:

- (a) maintaining the Programme Ledgers as discussed below under "*Programme Cash Management Agreement – Programme Ledgers*";
- (b) calculating amounts payable by the Issuer pursuant to the Programme Priority of Payments (see "*Credit Structure – Programme Priority of Payments*" below);
- (c) calculating the Series Pro Rata Amounts (as defined below) in respect of Programme liabilities and as necessary assisting the Series Calculation and Reporting Agents in determining Series Referable Amounts (as defined below); and
- (d) preparing and delivering to the Issuer, the Security Trustee and the Rating Agencies quarterly reports in respect of the administration of the Programme Account and the cash management services related thereto.

The Programme Cash Manager's services in respect of the Programme include but are not limited to:

- (a) general management of the Programme Account;
- (b) giving instructions to transfer funds from the Programme Account (including making payments on each Distribution Date in accordance with the Programme Priorities of Payments); and
- (c) performing such other services as specified in the Programme Cash Management Agreement and as may be described in the relevant Supplement.

**Series Pro Rata Amount** means in relation to a Series on any date an amount equal to the liability which is referable to the Notes of all Series multiplied by the result of (a) the aggregate principal amount outstanding of the Notes of the relevant Series, (b) divided by the aggregate principal amount outstanding of all Notes of each Series (other than a Series in respect of which on the immediately preceding date on which a Series Permitted Withdrawal was required to be paid or on the immediately preceding Distribution Date in respect of that Series, there was a failure to pay, in respect of Programme liabilities of the Issuer, Series Pro Rata Amounts or Series Referable Amounts payable by that Series) on such date. If on any date when a Series Pro Rata Amount is to be paid by each relevant Series, there is a shortfall in amounts paid in respect of a particular Series, the shortfall will be a Series Pro Rata Amount shared among all of the Series other than the Series in respect of which the shortfall occurred.

**Series Referable Amount** means in relation to a Series on any date an amount allocated to that Series by the Series Calculation and Reporting Agent in accordance with the relevant Series Cash Management Agreement (and where deemed necessary by the Series Calculation and Reporting Agent in consultation with the Programme Calculation and Reporting Agent) in respect of liabilities which are referable to and were incurred in relation to that Series only in the relevant period.

See further "*Risk Factors – Series Referable Amounts*" above.

### ***Programme Ledgers***

The Programme Calculation and Reporting Agent will in respect of the Programme create and maintain the following ledgers (the **Programme Ledgers**) on behalf of the Issuer:

- (a) a Programme ledger (the **Programme Ledger**) in respect of amounts received from each Series and subsequently applied under the Programme Priority of Payments;
- (b) a ledger in respect of tax amounts provided for under each Series Priorities of Payments in respect of the tax liabilities of the Parent and deposited in the Programme Account (the **Programme Tax Ledger**);
- (c) a ledger in respect of the minimum profit of the Parent provided for under the Series Priorities of Payments and deposited in the Programme Account (the **Parent Profit Ledger**); and
- (d) any other ledgers required to be maintained by the Programme Calculation and Reporting Agent from time to time pursuant to the Programme Cash Management Agreement.

#### ***Programme Financial Servicer***

Pursuant to the terms of the Programme Cash Management Agreement, UBS AG, London Branch will be appointed the programme financial servicer (the **Programme Financial Servicer**) and will from time to time on behalf of the Issuer identify and recommend Series Portfolios in respect of each Series for purchase by the Issuer and advise the Issuer in connection therewith. The Programme Financial Servicer will not be liable to any party for any loss or damage whatsoever caused by any identification, recommendation or advice of any nature given by the Programme Financial Servicer in accordance with the Programme Cash Management Agreement.

#### ***Termination***

In certain circumstances the Issuer and the Security Trustee will each have the right to terminate the appointment of the Programme Cash Manager, the Programme Calculation and Reporting Agent or the Programme Financial Servicer and to appoint a substitute (the identity of which will be subject to the Security Trustee's written approval). Any substitute programme cash manager, programme calculation and reporting agent or programme financial servicer will have substantially the same rights and obligations as the Programme Cash Manager, Programme Calculation and Reporting Agent or the Programme Financial Servicer, as applicable (although the fee payable to the substitute programme cash manager, programme calculation and reporting agent or programme financial servicer may be higher).

#### ***Governing Law***

The Programme Cash Management Agreement will be governed by English law.

#### **Series Cash Management Agreements**

Unless otherwise specified in the relevant Supplement, the Series Cash Manager in respect of each Series will be HSBC Bank plc and the Series Calculation and Reporting Agent will be Wells Fargo Securitisation Services Limited.

Pursuant to the terms of a series cash management agreement (each a **Series Cash Management Agreement**) in respect of each Series dated on or about the relevant Issue Date entered into by, *inter alios*, the Issuer, the Series Cash Manager, the Series Calculation and Reporting Agent and the Security Trustee, a Series Cash Manager will provide certain cash management services to the Issuer in respect of the relevant Series and a Series Calculation and Reporting Agent will provide certain calculation and reporting services to the Issuer in respect of the relevant Series.

### ***Series Services***

A Series Calculation and Reporting Agent's services in respect of each Series include but are not limited to:

- (a) maintaining a separate set of ledgers (as discussed below under "*Series Cash Management Agreement – Series Ledgers*") for each Series in respect of receipts from the applicable Series Assets and the administration of the applicable Series Priorities of Payments as specified in the relevant Supplement such that there is at all times an identifiable segregation of funds of each Series;
- (b) calculating amounts payable by and payable to the Issuer in respect of a Series under the Transaction Documents, including amounts payable under any Series Liquidity Facility Agreement or Series Credit Support Agreement;
- (c) in respect of a Series, calculating Available Revenue Funds and Actual Redemption Funds as at each Series Determination Date;
- (d) determining the Series Referable Amounts in respect of such Series (in consultation with the Programme Calculation and Reporting Agent where deemed necessary by the Series Calculation and Reporting Agent);
- (e) calculating amounts payable by the Issuer pursuant to the Series Priorities of Payments as set out in the relevant Supplement; and
- (f) performing such other services as specified in the relevant Series Cash Management Agreement and as may be described in the relevant Supplement.

A Series Cash Manager's services in respect of each Series include but are not limited to:

- (a) general management of Series Bank Accounts;
- (b) giving instructions to transfer funds between and in and out of Series Bank Accounts (including making payments on each Distribution Date in accordance with the Series Priorities of Payments);
- (c) the management of Authorised Investments; and
- (d) performing such other services as specified in the relevant Series Cash Management Agreement and as may be described in the relevant Supplement.

### ***Authorised Investments***

Each Series Cash Manager will on each Distribution Date in respect of each Series either: (i) deposit some or all of the funds of the Issuer into the relevant Series GIC Accounts; and/or (ii) invest some or all of the funds of the Issuer (standing to the credit of the relevant Series GIC Accounts) in certain **Authorised Investments** with a short term, unsecured, unguaranteed and unsubordinated rating of at least P-1 from Moody's, A-1+ from S&P and F1+ from Fitch or, with the consent of S&P and Fitch, the equivalent rating from another internationally recognised rating agency, provided that such investments mature on or prior to the Distribution Date on which the cash represented by such investments is required by the Issuer and the rate of return generated by such investments is equal to or greater than the rate of interest specified under the relevant Series Guaranteed Investment Contract in respect of the relevant Series.

### ***Series Performance Report***

Each Series Calculation and Reporting Agent will prepare a quarterly performance report (each a **Series Performance Report**) containing information on receipts from Series Assets as well as the administration of the Series Bank Accounts and the Series Priorities of Payments in respect of each Series. The Series Performance Report in respect of a Series will also contain certain information regarding the performance of the Series Portfolio related to that Series. The Series Performance Report will be made available to Noteholders on [www.ctslink.com](http://www.ctslink.com). Each Series Calculation and Reporting Agent will make available each Series Performance Report to the Issuer, the Security Trustee, the Series Note Trustee and the Rating Agencies.

### ***Series Ledgers***

The Series Calculation and Reporting Agent will in respect of each Series create and maintain on a segregated basis the following ledgers (the **Series Ledgers**) on behalf of the Issuer:

- (a) a Series principal ledger (the **Series Principal Ledger**) in respect of Actual Redemption Funds (as defined in the relevant Supplement);
- (b) a Series Principal Deficiency Ledger in respect of each Series as described below;
- (c) a Series revenue ledger (the **Series Revenue Ledger**) in respect of Available Revenue Funds (as defined in the relevant Supplement);
- (d) unless Series MERCs are stated to be not applicable in the relevant Supplement, a Series Mortgage Early Repayment Charges ledger (the **Series MERCs Ledger**) in respect of Mortgage Early Repayment Charges received in connection with Loans in the related Series Portfolio;
- (e) a Series ledger in respect of tax amounts provided for under the relevant Series Priorities of Payments in respect of the tax liabilities of the Parent (the **Series Tax Ledger**);
- (f) if a Series Reserve Fund is specified in the relevant Supplement, a Series ledger in respect of all amounts credited to the relevant Series Reserve Fund (the **Series Reserve Ledger**);
- (g) if a Series Discount Reserve is specified in the relevant Supplement, a Series ledger in respect of the Series Discount Reserve (the **Series Discount Reserve Ledger**);
- (h) if a Series Liquidity Facility Agreement is specified in the relevant Supplement, a Series ledger in respect of the Series Liquidity Facility (the **Series Liquidity Ledger**);
- (i) if Prefunded Loans are specified in the relevant Supplement, a ledger in respect of Prefunded Loans (the **Series Prefunded Loans Ledger**) in respect of amounts received on an Issue Date and deposited in the relevant Series GIC Bank Account for the purpose of future purchase(s) of Prefunded Loans;
- (j) if Prefunded Loans are specified in the relevant Supplement, a ledger in respect of the negative carry costs in respect of the amounts in the Series Prefunded Loans Ledger (the **Series Prefunding Interest Shortfall Ledger**);
- (k) a Series ledger in respect of the amount of all interest deferred (if any) in respect of each Class of Notes of a Series on any Distribution Date (each a **Series Interest Shortfall Ledger** and collectively the **Series Interest Shortfall Ledgers**);

- (l) a Series ledger in respect of Committed Further Advances (as defined in the relevant Supplement) (the **Series Further Advances Ledger**); and
- (m) as specified in the applicable Supplement, any other ledgers required to be maintained by the Series Calculation and Reporting Agent on behalf of the Issuer.

The above ledgers will be used to monitor the receipt and subsequent utilisation of cash available to the Issuer from time to time and will be credited and debited in the manner described in the Series Priorities of Payments set out in the relevant Supplement.

#### ***Series Principal Deficiency Ledger***

A principal deficiency ledger in respect of each Series (a **Series Principal Deficiency Ledger**) comprising sub-ledgers as specified in the relevant Supplement (collectively the **Series Principal Deficiency Sub-Ledgers**), will be established in order to record any principal deficiencies as they occur. A Series Principal Deficiency will be recorded on the relevant Series Principal Deficiency Sub-Ledger in respect of any amount of principal which remains outstanding under any Loan after completion by the relevant Series Administrator (or the relevant Series Mortgage Servicer or Series Mortgage Special Servicer on the Series Administrator's behalf) of the arrears and default procedures. Amounts allocated to each Series Principal Deficiency Sub-Ledger shall be reduced to the extent of relevant Available Revenue Funds in respect of a Series available therefor on any relevant Distribution Date in accordance with the applicable Series Priorities of Payments.

#### ***Termination***

In certain circumstances the Issuer and the Security Trustee will have the right to terminate the appointment of the Series Cash Manager and/or the Series Calculation and Reporting Agent and to appoint a substitute series cash manager or substitute series calculation and reporting agent (as applicable) (the identity of which will be subject to the Security Trustee's written approval). Any substitute series cash manager or substitute series calculation and reporting agent will have substantially the same rights and obligations as the respective Series Cash Manager or Series Calculation and Reporting Agent (although the fee payable to the substitute series cash manager or substitute series calculation and reporting agent may be higher).

#### ***Governing Law***

Each Series Cash Management Agreement will be governed by English law.

#### **Programme Issuer Declaration of Trust**

Pursuant to a declaration of trust (the **Programme Issuer Declaration of Trust**) dated on or about the Programme Date in favour of the Parent, the Issuer will declare a trust over its assets (which at such date will consist of a nominal amount of cash). Pursuant to the Programme Issuer Declaration of Trust, the Issuer will be authorised (a) to acquire Series Portfolios, (b) to incur Secured Liabilities (including the issuance of Notes) and to satisfy such Secured Liabilities out of trust assets (which will include amounts received on each Series Portfolio) ahead of payments to the Parent and (c) to grant security over the trust assets (which will include the Series Portfolios and the Issuer's rights under the Transaction Documents) under and pursuant to the Security Deed.

Pursuant to the terms of the Programme, the Parent, as sole beneficiary, covenants to the Security Trustee not to call for the trust to be dissolved. The Programme Issuer Declaration of Trust will be created to enhance the segregation of the relevant Series Assets. In respect of each Series, a separate trust, (a **Series Issuer Declaration of Trust**) supplemental to the trust created under the Programme Issuer Declaration of Trust on



or about the Programme Date, will be created for purposes of segregation of the relevant Series Assets on or about the relevant Issue Date.

### **Series Trust Deeds**

In respect of each Series, the Issuer and the Series Note Trustee will enter into a trust deed (a **Series Trust Deed**) pursuant to which the Instruments of the relevant Series will be constituted. The Series Trust Deed will include the form of the Instruments and contain a covenant from the Issuer to the Series Note Trustee to pay all amounts due under the Instruments. The Series Note Trustee will hold the benefit of that covenant (and certain other covenants of the Issuer) on trust for itself and the Instrumentholders.

The Series Note Trustee is responsible for, *inter alia*, the giving of a Series Acceleration Notice as provided in and subject to the terms of Condition 12 (*Series Events of Default*) and directing the Security Trustee to enforce the Security as provided in and subject to the terms of Condition 13 (*Enforcement*) and MERC Condition 12 (*Series Events of Default*) and Residual Condition 12 (*Series Event of Default*). The Series Trust Deed also provides for the Series Note Trustee to agree to modifications, consents and waivers in respect of the Instrument Conditions and Transaction Documents and the holding of meetings of Instrumentholders, in each case as further described in Condition 14 (*Meetings of Noteholders, Modification, Consent and Waiver*) and MERC Condition 11 (*Meetings of MERC Holders, Modification, Consent and Waiver*) and Residual Condition 11 (*Meetings of Residual Holders, Modification, Consent and Waiver*).

The Series Trust Deed contains provisions requiring the Series Note Trustee to have regard to the interests of the Noteholders as further described in Condition 3 (*Status, Security and Administration*) and to the interests of the MERC Holders and Residual Holders as further described in MERC Condition 14 (*Meetings of Noteholders, Modification, Consent and Waiver*) and Residual Condition 14 (*Meetings of Noteholders, Modification, Consent and Waiver*) respectively.

The Series Trust Deed provides that nothing contained in the Series Trust Deed shall in any case in which the Series Note Trustee has failed to show the degree of care and diligence required of it as note trustee having regard to the provisions of the Series Trust Deed and each other Transaction Document and each other Transaction Document to which it is a party conferring on it any powers, authorities or discretions exempt the Series Note Trustee from or indemnify it against any liability for breach of trust or any liability which by virtue of any rule of law would otherwise attach to it in respect of any gross negligence, wilful default, fraud or breach of duty in relation to its duties under the Series Trust Deed.

The Series Trust Deed will contain a covenant by the Issuer that it will indemnify and hold the Series Note Trustee and its directors, officers, agents and employees and any agent, delegate or other appointee of the Series Note Trustee (collectively, the **Indemnified Parties**) harmless from and against any and all liabilities, losses, damages, fines, suits, actions, demands, penalties, costs and expenses, including out-of-pocket, incidental expenses, legal fees and expenses, the allocated costs and expenses of in-house counsel and legal staff and the costs and expenses of defending or preparing to defend against any claim (**Losses**) that may be imposed on, incurred by, or asserted against, the Indemnified Parties or any of them for following any instruction or other direction upon which the Series Note Trustee is authorised to rely or in accordance with which it is required to act pursuant to the terms of the Series Trust Deed or otherwise in the performance of its rights, duties, powers or discretions in respect of such Series. In addition, the Issuer will also covenant to indemnify and hold the Indemnified Parties and each of them harmless from and against any and all Losses that may be imposed on, incurred by, or asserted against the Indemnified Parties or any of them in connection with or arising out of such Indemnified Party's performance under the Series Trust Deed or otherwise in the performance of its rights, duties, powers or discretions in respect of such Series provided such Indemnified Party has not acted with gross negligence or engaged in wilful misconduct.

The Series Trust Deed also provides further for the indemnification and exoneration of the Series Note Trustee in particular circumstances as further described in Condition 15 (*Indemnification and Exoneration of*

*the Series Note Trustee and Security Trustee*) and MERC Condition 15 (*Indemnification and Exoneration of the Series Note Trustee and Security Trustee*) and Residual Condition 15 (*Indemnification and Exoneration of the Series Note Trustee and Security Trustee*).

The Series Note Trustee may retire at any time on giving at least three months' written notice to the Issuer without giving any reason and without being responsible for any costs occasioned by such retirement and the Noteholders of the relevant Series may by Extraordinary Resolution remove the Series Note Trustee in respect of that Series provided that the retirement or removal of a sole trust corporation shall not be effective until a trust corporation is appointed as successor Series Note Trustee. The Issuer will undertake in the Series Trust Deed that, if a sole trust corporation gives notice of retirement or an Extraordinary Resolution is passed for its removal, the Issuer shall use all reasonable endeavours to procure that another trust corporation be appointed as Series Note Trustee and agrees that the Series Note Trustee may appoint a replacement trust corporation if the Issuer fails to do so prior to the expiry of the period of three months from the date of the relevant notice of retirement or the passing of the relevant Extraordinary Resolution, as the case may be.

The Series Trust Deed provides that the power of appointing a new Series Note Trustee shall be vested in the Issuer but no person shall be appointed who shall not have been previously approved by an Extraordinary Resolution of the Noteholders of the relevant Series.

The Series Trust Deed will be governed by English law.

## **Security Deed**

### ***Charged Property***

Pursuant to the terms of a security deed (the **Security Deed**) dated on or about the Programme Date between the Issuer, the Parent and the Security Trustee, the obligations of the Issuer under the Transaction Documents are secured, *inter alia*, by the following security (the **Security**) over the following property, assets and rights (the **Charged Property**) in favour of the Security Trustee on behalf of all of the Issuer's secured creditors (comprising the Security Trustee, the Noteholders of each Series, the other Series Secured Creditors of each Series and the Programme Secured Creditors (collectively, the **Secured Creditors**)):

- (a) a first fixed charge (which may take effect as a floating charge) over the Issuer's interest in the English Loans and the Northern Irish Loans and their Collateral Security and other related rights comprised in the relevant Series Portfolio;
- (b) an assignation in security of the Issuer's interest in the Scottish Loans and their Collateral Security (comprising the Issuer's beneficial interest under the relevant trusts declared by the relevant Series Portfolio Seller pursuant to the relevant Scottish Declarations of Trust);
- (c) an equitable assignment of the Issuer's present and future interests in and to the Insurance Contracts;
- (d) a first fixed charge (which may take effect as a floating charge) over the rights and benefits of the Issuer in the Programme Account, the Series Bank Accounts and any other account of the Issuer and all amounts standing to the credit of the Programme Account, the Series Bank Accounts and such other accounts;
- (e) an assignment by way of first fixed security over all of the Issuer's interests, rights and entitlements under and in respect of any Transaction Document (other than the Security Deed) to which it is a party;
- (f) a first fixed charge (which may take effect as a floating charge) over the rights and benefits of the Issuer in respect of all Authorised Investments purchased from time to time from amounts standing

to the credit of the Programme Account and Series Bank Accounts and any other account of the Issuer; and

- (g) a first floating charge over (i) all the assets and undertaking of the Issuer governed by English law or Northern Irish law and not, from time to time, subject to any fixed charge in favour of the Security Trustee pursuant to the Security Deed and (ii) all the assets and undertaking of the Issuer located in or governed by the law of Scotland (whether or not subject to any fixed or floating charge in favour of the Security Trustee as aforesaid).

In respect of the property, rights and assets referred to in paragraph (b) above, fixed security and a further floating charge will be created over such property, rights and assets sold to the Issuer after the Programme Date by means of Scottish Supplemental Charges pursuant to the Security Deed.

The Security created by the Parent pursuant to the Security Deed will consist of:

- (a) an assignment of the Parent's rights and interest under the Programme Issuer Declaration of Trust; and
- (b) a first floating charge over the (i) undertaking and all the assets of the Parent governed by English law or Northern Irish law and not otherwise charged by way of fixed charge under the Security Deed; and (ii) the undertaking and all the assets of the Parent located in or governed by the law of Scotland.

Except to the extent of the security described above, the Parent has no liability in respect of any of the Secured Liabilities and the Secured Creditors will not be creditors of the Parent in respect of the Secured Liabilities.

In relation to any issue of Notes of a Series, the Issuer will pursuant to a Series Security Deed Supplement create security that is supplemental to and forms part of the Security created under the Security Deed (such security, **Series Additional Security**). Series Additional Security (in the form of Scottish Supplemental Charges) will always be required in relation to any Scottish Loans comprised in a Series Portfolio acquired by the Issuer after the date of the Security Deed.

### ***Release of Security***

In the event of the repurchase of a Loan and its Collateral Security by a Series Portfolio Seller pursuant to and in accordance with the Transaction Documents in respect of any Series, the Security Trustee will release that Loan and its Collateral Security from the Security created by and pursuant to the Security Deed and/or applicable Series Security Deed Supplement on the date of the repurchase. Any release shall be at the cost of the Issuer and any necessary documentation shall be provided by the relevant Series Portfolio Seller.

### ***Enforcement***

In the event of enforcement following a Series Event of Default (as defined in Condition 12 (*Series Events of Default*)), the enforcement process and the application of enforcement proceeds will be subject to the terms of the Intercreditor Deed discussed below under "*Intercreditor Deed*". The rights of the Secured Creditors with respect to the Security and the Series Assets relating to each Series are subject to the Series Security Trust arrangements set out in the Intercreditor Deed, as described below.

Upon the occurrence of a Series Event of Default in respect of a Series, the relevant Series Note Trustee may direct (or, if certain conditions are met, must direct) the Security Trustee to deliver an enforcement notice (each a **Series Enforcement Notice**) to the Issuer in respect of that Series in which case the Security over the Series Assets relating to that Series will become enforceable by the Security Trustee and/or the Series Note

Trustee may give an acceleration notice (each a **Series Acceleration Notice**) to the Issuer in respect of that Series in which case the Security over the Series Assets relating to that Series will become enforceable by the Security Trustee and the Notes in respect of that Series will become immediately due and repayable.

A Programme Insolvency Event will constitute a Series Event of Default in respect of each Series. Upon the occurrence of a Programme Insolvency Event (as defined in Condition 12 (*Series Events of Default*)), the Series Note Trustee of any Series may direct the Security Trustee to deliver to the Issuer a Series Enforcement Notice and/or itself deliver to the Issuer a Series Acceleration Notice in respect of the relevant Series with the same consequences as described in the preceding paragraph.

After a Series Enforcement Notice or Series Acceleration Notice in respect of each and every Series outstanding has been delivered to the Issuer, a Programme Enforcement Notice will be deemed to have been delivered to the Issuer and the Security over the Programme Assets will be enforceable by the Security Trustee.

The Intercreditor Deed will provide that, subject as provided below, the Security Trustee shall serve a Series Enforcement Notice in respect of each and every Series and shall enforce the Security over the Series Assets relating to all Series and over the Programme Assets by appointing an administrative receiver in respect of the Issuer, if it has actual notice of (i) an application for the appointment of an administrator in respect of the Issuer, (ii) the giving of a notice of intention to appoint an administrator in respect of the Issuer or (iii) the filing of a notice of appointment of an administrator in respect of the Issuer with the court, such appointment of an administrative receiver to take effect not later than the final day by which the appointment must be made in order to prevent an administration proceeding.

The Security Trustee shall not be liable for any failure to appoint an administrative receiver in respect of the Issuer, save in the case of its own gross negligence, wilful default or fraud and, for the avoidance of doubt, the Security Trustee shall have no obligation to indemnify any administrative receiver appointed by it, except to the extent of (and from) the cash and assets comprising the Security held by the Security Trustee at such time and available for such purpose.

The Security Deed will provide that, in the event that the Security Trustee appoints an administrative receiver in respect of the Issuer under the Security Deed by reason of it having actual notice of (i) an application for the appointment of an administrator in respect of the Issuer, (ii) the giving of a notice of intention to appoint an administrator in respect of the Issuer or (iii) the filing of a notice of appointment of an administrator in respect of the Issuer with the court, the Issuer shall waive any claims against the Security Trustee in respect of the action of the appointment of the administrative receiver.

#### ***Termination of Security Deed***

The Security Deed will terminate on the date on which all the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full.

#### ***Governing Law***

The Security Deed will be governed by English law (other than, to the extent Northern Irish Loans are relevant and set out in the applicable Supplement, any aspects of the Security Deed relating to Northern Irish Loans and their Collateral Security which will be governed by Northern Irish law and other than, to the extent Scottish Loans are relevant and set out in the applicable Supplement, the assignation in security referred to in paragraph (b) under "*Charged Property*" above and any Scottish Supplemental Charge granted pursuant and supplemental to the Security Deed which will be governed by Scots law).

## **Intercreditor Deed**

Pursuant to the terms of the intercreditor deed (the **Intercreditor Deed**) dated on or about the Programme Date among the Security Trustee and the Programme Secured Creditors on the Programme Date and each of the Series Secured Creditors (other than Instrumentholders) pursuant to a supplemental deed to the Intercreditor Deed (each a **Series Intercreditor Deed Supplement**) in respect of each Series, the assets relating to each Series will be identified in the relevant Series Intercreditor Deed Supplement (in respect of each Series, the **Series Assets**) and such Series Assets will be subject to the Security created by and pursuant to the Security Deed. The Series Assets will include the relevant Series Portfolio, the interest of the Issuer in the relevant Series Bank Accounts, the rights of the Issuer under the Transaction Documents to the extent applicable to the relevant Series and any assets subject to any Series Additional Security in respect of that Series. The Security over the Series Assets of each Series is subject to a security trust for the benefit of the Noteholders of a Series and other Series Secured Creditors in respect of that particular Series, as described below under "*Intercreditor Deed – Series Security Trust*". Assets not allocated to any Series will comprise the Programme assets (the **Programme Assets**).

Series Secured Creditors (other than Instrumentholders) in respect of each Series will accede to and agree to be bound by the terms of the Intercreditor Deed pursuant to the terms of the applicable Series Intercreditor Deed Supplement. The assignment of any rights under any of the Transaction Documents (including the Programme Documents and the Transaction Documents in respect of any Series) will be subject to the assignee agreeing to the restrictions of the Intercreditor Deed described below.

### ***Priorities of Payments***

The Intercreditor Deed will provide that amounts received in respect of the Series Assets relating to any Series will be applied in accordance with the applicable Series Priorities of Payments set out in the relevant Supplement and in the relevant Series Intercreditor Deed Supplement. Amounts received in respect of the Programme Assets will be applied in accordance with the Programme Priority of Payments set out below under "*Credit Structure – Programme Priority of Payments*".

### ***Series Security Trust***

Pursuant to the Intercreditor Deed, the Security created by and pursuant to the Security Deed over the Series Assets of each Series is subject to a security trust on a Series by Series basis (in respect of each Series, a **Series Security Trust**). Thus, upon a Series Event of Default in respect of a Series, the Security over the Series Assets relating to that Series, if enforced, will be enforced separately.

In the event of the service of a Series Enforcement Notice following a Series Event of Default, the proceeds received in respect of the applicable Series Assets will be applied towards the satisfaction of amounts due to the related Series Secured Creditors, including the Noteholders, the Series MERC Holders and the Series Residual Holders (if any) of that Series, and will:

- (a) if a Series Acceleration Notice has not been delivered to the Issuer in respect of that Series, be applied in accordance with the Series Post-Enforcement, Pre-Acceleration Revenue Priority of Payments and the Series Pre-Acceleration Principal Priority of Payments set out in the relevant Supplement; and
- (b) if a Series Acceleration Notice has been given to the Issuer in respect of that Series, be applied in accordance with the Series Post-Acceleration Priority of Payments set out in the relevant Supplement.

There is no cross-default between Series and the occurrence of a Series Event of Default in respect of one Series does not of itself constitute a Series Event of Default under any other Series. However, a Programme

Insolvency Event will constitute a Series Event of Default in respect of each Series and a Programme Enforcement Notice will be deemed to have been served in the event that a Series Enforcement Notice and/or Series Acceleration Notice has been given in respect of the Notes of each Series following a Series Event of Default in respect of the Notes of each Series.

*Agreement of the Secured Creditors*

Under the Intercreditor Deed, each Secured Creditor will agree to the following terms:

- (a) only the Series Note Trustee or the Security Trustee may take action against the Issuer or the Parent and their respective assets to enforce the rights of the Noteholders and the other Secured Creditors against the Issuer or the Parent;
- (b) other than in the case of the Series Note Trustee or the Security Trustee, it will not take any steps, actions or proceedings against the Issuer or its assets for the purpose of recovering any of the Series Secured Liabilities and/or the Programme Secured Liabilities (including by exercising any rights of set off or serving a written demand as provided in section 123(1)(a) of the Insolvency Act 1986). It will not take any steps, actions or proceedings to procure the winding up, administration or any similar proceeding in respect of the Issuer;
- (c) in respect of a Series, none of the Series Secured Creditors have or will have any claim against the Series Assets of any other Series;
- (d) none of the Programme Secured Creditors, in its capacity as such, have or will have any claim against any Series Assets;
- (e) to the extent that there are amounts still owed to a Series Secured Creditor after the Security Trustee has given a notice to the Series Secured Creditors in respect of the relevant Series that the Security over the Series Assets relating to such Series has been enforced and as fully as practicable realised and the proceeds thereof have been applied in accordance with the applicable Series Priorities of Payments or that there are no remaining Series Assets relating to such Series that are capable of realisation:
  - (i) neither the Security Trustee, nor any Noteholder or other Series Secured Creditor in relation to that Series may take any further steps, actions or proceedings against the Issuer or the Parent or any of their respective assets to recover any sum still unpaid in respect of the Notes of such Series or other Series Secured Liabilities in respect of such Series including, without limitation, any sum or liability in respect of which an amount would or could, if the relevant funds had been available, have been or become payable to any person under the relevant Series Priorities of Payments (save for the Security Trustee taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer);
  - (ii) each Series Secured Creditor in relation to that Series in respect of which any amount remains outstanding from the end of the business day following the date of such notice will (including, the PECO Holder of such Series if that PECO Holder exercised the Series Post-Enforcement Call Option pursuant to any Series Post-Enforcement Call Option Agreement in respect of such Series) cease to be a Series Secured Creditor and will become a Programme Secured Creditor in respect of the shortfall; and
  - (iii) all remaining or future Series Assets (if any) in relation to that Series will from such notice by the Security Trustee cease to be Series Assets and will from the end of the business day following the date of such notice be automatically converted to Programme Assets;

- (f) when all of the Series Secured Liabilities in respect of a Series have been discharged in full, any Series Assets relating to such Series shall thereafter be deemed to be Programme Assets;
- (g) to the extent that amounts are still owed to a Programme Secured Creditor after the Security Trustee has given notice to the Programme Secured Creditors that the Security over the Programme Assets has been enforced and as fully as practicable realised and the proceeds thereof have been applied in accordance with the Programme Priority of Payments or that there are no remaining Programme Assets that are capable of realisation, neither the Security Trustee nor any Programme Secured Creditor may take any further steps, actions or proceedings against the Issuer or any of its assets to recover any sum still unpaid in respect of the Programme Secured Liabilities including, without limitation, any sum or liability in respect of which an amount would or could, if the relevant funds had been available, have been or become payable to any person under the Programme Priority of Payments (save for the Security Trustee taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer and save for the right of Noteholders as Programme Secured Creditors to claim the full amount due to them in any proceedings to wind up the Issuer);
- (h) promptly upon receipt of confirmation from the Receiver or the Security Trustee being otherwise satisfied that all of the Security over the Series Assets relating to any Series has been enforced and as fully as practicable realised or that there are no remaining Series Assets relating to any Series that are capable of realisation, the Security Trustee will notify the Issuer and the Series Secured Creditors in relation to such Series, the Programme Calculation and Reporting Agent and the Programme Cash Manager.
- (i) if any amount is received by any Secured Creditor (including by way of set off) in respect of any Series Secured Liability and/or Programme Secured Liability owed to it other than in accordance with the provisions of the Intercreditor Deed and the Security Deed, that amount shall be received and held by it as trustee for the Security Trustee and shall be paid over to the Security Trustee immediately upon receipt so that all such amounts can be applied in accordance with the relevant provisions of Intercreditor Deed or, as the case may be, the Security Deed;
- (j) it shall not be entitled to, nor shall any person acting on behalf of such Secured Creditor (other than the Security Trustee) be entitled to, permit the Issuer to pay, prepay, repay, redeem, purchase, or otherwise acquire any of the Secured Liabilities owed by the Issuer (including any obligation under any Series Hedge Agreement in respect of any Series), except to the extent, at the times and in the manner permitted by the Transaction Documents applicable to the relevant Series (including pursuant to the provisions regulating the termination of any Series Hedge Agreement in respect of any Series);
- (k) it shall not be entitled to, nor shall any person acting on behalf of such Secured Creditor (other than the Security Trustee) be entitled to, take, accept or receive the benefit of any security interest, guarantee, indemnity or other assurance against financial loss from the Issuer in respect of any of the Secured Liabilities owed to it except as expressly permitted pursuant to the Security Deed and/or the Intercreditor Deed; and
- (l) it shall not be entitled to, nor shall any person acting on behalf of such Secured Creditor (other than the Security Trustee) be entitled to, do anything inconsistent with the Security or the terms of the Security Deed and/or the Intercreditor Deed.

### ***Governing Law***

The Intercreditor Deed is and each Series Intercreditor Deed Supplement will be governed by English law.

### **Series Post-Enforcement Call Option Agreement**

If specified in the applicable Supplement, the Series Note Trustee in respect of a Series will on the Issue Date in respect of a Series grant to UBS AG, London Branch (or any alternative entity specified in the relevant Supplement) (the **PECO Holder**) an option (the **Series Post-Enforcement Call Option**) to acquire all (but not part only) of the Notes of that Series (plus accrued interest thereon) pursuant to the terms of a Series Post-Enforcement Call Option Agreement in respect of any Series. The Series Post-Enforcement Call Option will be exercised without the prior approval of the Noteholders of that Series for a consideration of one penny per Class of Notes outstanding after notice has been received by the PECO Holder that (a) the Security over the Series Assets in relation to such Series has been enforced and as fully as practicable realised and the proceeds of such enforcement have been applied in accordance with the provisions of the applicable Series Priorities of Payments or (b) there are no remaining Series Assets relating to such Series that are capable of realisation. The PECO Holder will covenant to the Issuer and the directors of the Issuer that subject to certain conditions it will exercise such Series Post-Enforcement Call Option. The Noteholders of a Series will be bound by the terms of any Series Post-Enforcement Call Option granted to the PECO Holder.

### **Programme Corporate Services Agreements**

The Issuer and the Parent will, *inter alios*, enter into a Programme Corporate Services Agreement with Structured Finance Management Limited (as **Corporate Service Provider**) on or about the Programme Date, pursuant to which the Corporate Services Provider has agreed to provide corporate services and directors to the Issuer and the Parent respectively.

The Programme Corporate Services Agreement is governed by English law.

### **Series Agency Agreement**

In respect of each Series Portfolio, upon and subject to the terms of a Series Agency Agreement, between the Issuer, the Series Principal Paying Agent, the Series Agent Bank, the Series Paying Agents (including, for the avoidance of doubt, the Series Irish Paying Agent), the Security Trustee and the Series Note Trustee, each of the Issuer and the relevant Series Note Trustee will appoint the Series Principal Paying Agent and the other Series Paying Agents, the Series Agent Bank, the Series Transfer Agent and the Series Registrar as its agent in relation to the relevant Instruments for the purpose, *inter alia*, of making payments at its Specified Office in respect of the Instruments in accordance with the Series Agency Agreement, the Conditions, the MERC Conditions, the Residual Conditions and the Series Trust Deed, and for performing such other duties as are reasonably incidental thereto as may be requested by the Issuer or the Series Note Trustee. Without limitation of the foregoing, the purposes for which the Series Agent Bank is appointed include, *inter alia*, the calculation of interest due on the Notes from time to time.

If at any time a successor Series Agent is appointed under a Series Agency Agreement, its obligations and those of each other Series Agent under the relevant Series Agency Agreement shall be several and not joint.

The Issuer may with the prior approval of the relevant Series Note Trustee (which approval shall not be unreasonably withheld or delayed) forthwith terminate without notice the appointment of such Series Agent if at any time:

- (a) a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any part of the undertaking, assets and revenues of any Series Agent;
- (b) any Series Agent admits in writing its insolvency or inability to pay its debts as they fall due;



- (c) an administrator or liquidator of any Series Agent of the whole or any part of the undertaking, assets and revenues of any Series Agent is appointed (or application for any such appointment is made);
- (d) any Series Agent takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness;
- (e) an order is made or an effective resolution is passed for the winding up of any Series Agent;
- (f) any event occurs which has an analogous effect to any of the foregoing; or
- (g) such Series Agent becomes incapable of acting.

The remaining Series Agents and the Issuer shall give notice thereof to the relevant Series Note Trustee, the remaining Series Agents and the relevant Instrumentholders in accordance with the applicable Instrument Conditions.

***Governing law***

Each Series Agency Agreement will be governed by English law.

## REGULATION OF THE UK RESIDENTIAL MORTGAGE MARKET

### Introduction

The United Kingdom residential mortgage market was, until 31 October 2004, not specifically regulated by statute although certain aspects of consumer lending (whether secured or unsecured) were regulated by the CCA and additional consumer protection was also provided under the UTCCR. Regulation of residential mortgage lending by the FSA under the FSMA came into effect on 31 October 2004. The following summary of certain regulatory considerations does not discuss all aspects of applicable regulation and legislation and other authorities which may be important to prospective investors.

**The following description of the mortgage market applies to the Loans in a Series Portfolio originated after the introduction of residential mortgage lending under the FSMA. All of the Loans in each Series Portfolio were originated on or after 31 October 2004 and are either Regulated Mortgage Contracts or non Regulated Mortgage Contracts. Some of the Loans are non Regulated Mortgage Contracts as these do not meet the definition of a Regulated Mortgage Contract.**

### FSA Regulation

A credit agreement is a Regulated Mortgage Contract if, at the time it is entered into on or after N(M):

- (a) the borrower is an individual or trustee;
- (b) the contract provides for the obligation of the borrower to repay to be secured by a first legal mortgage or, in Scotland, a first ranking standard security, on land (other than timeshare accommodation) in the United Kingdom; and
- (c) at least 40 per cent. of that land is used, or is intended to be used, as or in connection with a dwelling by the borrower or (in the case of credit provided to trustees) by an individual who is a beneficiary of the trust, or by a related person.

### Background to FSA Regulation

In December 2001 HM Treasury announced that the FSA's powers would be extended to include the regulation of mortgage lending, sales and administration.

In October 2003 the FSA issued final rules, known as MCOB. These rules came into effect on 31 October 2004.

### MCOB Rules

The MCOB rules are set out in 13 sections:

1. Application and purposes

For whom, for what activities, and within what territorial limits the rules, evidential provisions and guidance in MCOB apply.

2. Conduct of general business standards

For lenders, administrators, advisers and arrangers of mortgages and firms that communicate or approve qualifying credit promotions in relation to communications, inducements, high-pressure sales, reliance on others, exclusion of liability and record keeping.

3. Financial promotion

For every firm that communicates or approves a qualifying credit promotion in relation to the form and content of non-real time qualifying credit promotions, real-time qualifying credit promotions, confirmation of compliance, records, communication and approval of qualifying credit promotions for an overseas person or an unauthorised person, the Internet and other electronic media.

4. Advising and selling standards

Covering the scope of service provided, initial disclosure requirements, additional disclosure for distance mortgage mediation contracts with retail customers, advised sales, non-advised sales, business loans.

5. Pre-application disclosure

In relation to applying for a Regulated Mortgage Contract, the provision and content of illustrations.

6. Disclosure at offer stage

In relation to the content of the offer document, information required to be provided in the offer document or separately, the issue of offer documents in place of illustrations.

7. Disclosure at start of contract and after sale

Concerning disclosure at the start of the contract, statements, and event-driven information.

8. Lifetime Mortgages

Advising and selling standards.

9. Lifetime Mortgages

Product disclosure.

10. Annual percentage rate (APR)

Covering the formula and assumptions for calculating the APR and the total charge for credit.

11. Responsible lending

Covering lenders' obligations to assess the borrower's ability to repay before making a loan or further advance.

12. Charges

Specifically covering early repayment charges, arrears charges and excessive charges.

13. Arrears and repossessions

Covering the policy and procedures in place to deal with customers in arrears, the provision of information to customers in arrears, dealing with a mortgage shortfall debt and repossessions.

## **FSA Principles**

All authorised firms must comply with the FSA principles, which are a general statement of their fundamental obligations and relate to conducting business with integrity, skill, care and diligence, taking reasonable care to organise and control their affairs responsibly and effectively with adequate risk management systems, maintaining adequate financial resources, observing proper standards of market conduct, paying due regard to the information needs of customers and communicating information to them in a way which is clear, fair and not misleading.

Firms are also required to manage conflicts of interest fairly, take reasonable care to ensure the suitability of their advice for any customer who is entitled to rely upon their judgement, arrange adequate protection for clients' assets when responsible for them, deal with their regulators in an open and cooperative manner and disclose to the FSA anything relating to the firm of which the FSA would reasonably expect notice.

The FSA's role in implementing statutory mortgage regulation has been to:

- consult on the requirements, set out in the FSA's Handbook, which businesses carrying out these activities have to meet;
- design and implement the process for dealing with applications from those businesses requiring FSA authorisation; and
- design and implement systems for overseeing businesses carrying out these activities.

In addition to authorising and monitoring financial services firms, the FSA has enforcement powers to investigate, discipline and prosecute.

The FSA also requires all authorised firms to have in place a policy for meeting the requirements of their and the Ombudsman's complaint handling rules.

## **FSA Complaint Handling Rules (DISP)**

The DISP rules require that firms have in place and operate an effective internal complaints procedure for handling any expression of dissatisfaction, whether oral or written, and whether justified or not, from or on behalf of a complainant about the firm's provision of, or failure to provide, a financial service.

The procedure must cover receiving complaints, responding to complaints, the investigation of complaints and the notification to complainants of their right to approach the Ombudsman where relevant.

## **The Financial Ombudsman Service**

The Ombudsman is the scheme provided under Part XVI of the FSMA (The Ombudsman Scheme) under which certain disputes may be resolved quickly and with minimum formality by an independent person.

A complaint may be dealt with by the Ombudsman if it is brought by or on behalf of an eligible complainant. Eligibility to complain is subject to detailed rules and restrictions.

The Ombudsman has three jurisdictions, a compulsory jurisdiction which all regulated firms have to join, a consumer credit jurisdiction over consumer credit licensees and a voluntary jurisdiction which non-regulated firms may join on a voluntary basis.

Lenders regulated by the FSMA are subject to "responsible lending" requirements. They are obliged to take account of the borrower's ability to repay before deciding to enter into a Regulated Mortgage Contract (or to

make further advances on such a contract). They must also put in place, and operate in accordance with, a written responsible lending policy.

## CREDIT STRUCTURE

### General

The following is a summary of the structure and credit arrangements underlying the Notes of each Series. Such summary should be read in conjunction with the information appearing elsewhere in this Offering Circular and the relevant Supplement.

The Notes represent obligations of the Issuer and unless specified otherwise in the applicable Supplement in respect of a Series do not constitute obligations or responsibilities of, or guarantees by, any other person (including the Programme Arranger, the Dealers in respect of any Series, a Series Portfolio Seller, any Series Originator, the Programme Financial Servicer, the Security Trustee, any Series Note Trustee, the Programme Calculation and Reporting Agent, the Programme Cash Manager, the Programme Account Bank, any Series Cash Manager, any Series Calculation and Reporting Agent, any Series Account Bank, any Series GIC Account Bank, any Series Operational Account Bank, any Series Mortgage Servicer, any Series Administrator, any Series Mortgage Special Servicer, any Series Standby Mortgage Servicer, any Series Agents, any Series Liquidity Facility Provider, any Series Hedge Provider, any Series Credit Support Provider or any affiliates of any of the foregoing).

### Series receipts

The following receipts in respect of a Series will be applied by the Series Cash Manager on behalf of the Issuer to make payments of principal and interest on the Notes of such Series, as well as the other amounts payable to the relevant Series Secured Creditors (as identified in the relevant Supplement) under the applicable Series Priorities of Payments:

- interest, principal and other amounts received in respect of Loans in the relevant Series Portfolio.
- amounts standing to the credit of the relevant Series Bank Accounts, the proceeds of any Authorised Investments and any discount reserve, reserve fund or other reserve amounts (as specified in the relevant Supplement). See further "*Credit Structure – Series Reserve Fund*" below.
- amounts received by the Issuer under the relevant Series Liquidity Facility Agreement (if any). See further "*Credit Structure – Series Liquidity Facility*" below.
- amounts received by the Issuer under the relevant Series Hedge Agreements (if any). See further "*Credit Structure – Series Hedge Agreements*" below.
- amounts received by the Issuer under the relevant Series Credit Support Agreements (if any). See further "*Credit Structure – Series Credit Support Agreements*" below.

Amounts received by the Issuer in respect of the Loans relating to a Series, as well as all the other Series receipts described above, will not be commingled by the Issuer with the funds of any other Series or the Programme. Series receipts will be applied by the Series Cash Manager on behalf of the Issuer as specified in the relevant Supplement of the Series and the applicable Series Priorities of Payments specified therein, as described below.

### Series Permitted Withdrawals

Unless otherwise specified in the relevant Supplement, prior to a Programme Insolvency Event or a deemed Programme Enforcement Notice (other than in respect of paragraph (b) below), the following withdrawals and corresponding payments in respect of a Series and the related Series Portfolio will be permitted to be

made on any day (other than in respect of paragraph (j) which payment may only be made on a Distribution Date) by the Series Cash Manager from the Series Transaction Account (each a **Series Permitted Withdrawal**):

- (a) the payment of Series Pro Rata Amounts and Series Referable Amounts in respect of Programme expenses specified as a Series Permitted Withdrawal in the relevant Supplement and any other amounts specified as a Series Permitted Withdrawal in the relevant Supplement;
- (b) to pay when due and payable any amounts due and payable by the Issuer in respect of such Series to third parties (excluding, for the avoidance of doubt Series Secured Creditors in respect of such Series) and incurred without breach by the Issuer of the Transaction Documents relating to that Series and to pay any premiums in respect of any insurance policy relating to any Loan in the Series Portfolio;
- (c) prior to a Series Event of Default in respect of the relevant Series, to make available to the Issuer the amounts required to purchase the Further Advances made or the Retentions released by the relevant Series Portfolio Seller in respect of Loans in the relevant Series Portfolio to Borrowers pursuant to the terms of the relevant Series Portfolio Purchase Agreement;
- (d) to pay when due (but subject to any right to refuse or withhold payment or offset that has arisen by reason of the Borrower's breach of the terms of the Loan concerned) any amount payable by the Issuer to a Borrower under the terms of the Loan in the relevant Series Portfolio to which that Borrower is a party or by operation of law;
- (e) if any amount has been received from a Borrower for the express purpose of payment being made by the Issuer to a third party for the provision of a service (including giving insurance cover) to either that Borrower or the Issuer to pay such amount when due to such third party or, in the case of the payment of an insurance premium, where such third party and a Series Portfolio Seller have agreed that payment of commission to a Series Portfolio Seller should be made by deduction from such insurance premium, to pay such amount less such commission when due to such third party and to pay such commission to the relevant Series Portfolio Seller;
- (f) to pay to any person (including the relevant Series Portfolio Seller and the relevant Series Administrator) any amounts due arising from any overpayment by any person to the Issuer in respect of the Loans in the relevant Series Portfolio or arising from any reimbursement by any person of any such overpayment;
- (g) to refund any amounts due arising from the rejection of any direct debit payments in respect of a Loan in the relevant Series Portfolio;
- (h) to refund any other overpayments made by a Borrower and all other amounts not relating to the Loans in the relevant Series Portfolio owned by the Issuer or in respect of which the Issuer has no entitlement pursuant to the relevant Series Portfolio Purchase Agreement, or amounts credited to the relevant Series Transaction Account in error;
- (i) to refund to a Series Portfolio Seller any amounts in respect of Arrears received from Borrowers as and when identified by the relevant Series Administrator and if a Borrower fails to pay the full amount of Arrears that it owes, the Issuer shall be obliged to refund to a Series Portfolio Seller only such portion of the Arrears received;
- (j) to make payment to a Series Portfolio Seller of the purchase price of any Prefunded Loans (as specified in the relevant Supplement);

- (k) to make payments into the Series GIC Accounts (if applicable) or any other Series Bank Account specified in the relevant Series Bank Account Agreement pursuant to the terms of such Series Bank Account Agreement;
- (l) to cover any cost in relation to execution of a replacement currency swap agreement in respect of the relevant Series by using any swap termination payments received from the relevant Series Currency Swap Provider under the relevant Series Currency Swap Agreements, as specified in the relevant Supplement; and
- (m) to make payments to each relevant Series Mortgage Servicer pursuant to each relevant Series Mortgage Servicing Agreement, to any relevant Series Mortgage Special Servicer pursuant to any relevant Series Mortgage Special Servicing Agreement and each relevant Series Administrator pursuant to each relevant Series Administration Agreement,

provided that, on any Distribution Date in respect of such Series, Series Permitted Withdrawals in paragraphs (a), (b) and (m) above will be applied in accordance with the relevant Series Priorities of Payments.

To the extent that any of the above Series Permitted Withdrawals are made by the relevant Series Cash Manager from and including the last Business Day of the month preceding a Determination Date to and including the relevant Distribution Date, any such withdrawals shall be made prior to administration of the applicable Series Priorities of Payments and, therefore, the amount withdrawn shall not be included in the Available Revenue Funds and/or the Actual Redemption Funds, as applicable, for such Distribution Date.

#### **Series Credit Support for the Notes Provided by Available Revenue Funds in respect of each Series**

The interest rates payable by each Borrower in respect of the Loans in each Series Portfolio will vary in respect of different Borrowers and different types of Loans in respect of each Series Portfolio. On each Issue Date in respect of each Series, it is anticipated that the weighted average interest rate payable by Borrowers on the Loans will, assuming that all of the Loans are fully performing and that no extraordinary expenses have been incurred by the Issuer in respect of the relevant Series, exceed the amounts payable under the applicable Series Priority of Payments by an amount, calculated as a percentage of the principal balance of the relevant Series Portfolio, which will be specified in the relevant Supplement. The actual amount of the excess will vary during the life of the Notes, two of the key factors determining such variations being the level of delinquencies experienced and the weighted average interest rate in each case on the relevant Series Portfolio. Available Revenue Funds may be applied (after making payments or provisions ranking higher in the applicable Series Priority of Payments) on each Distribution Date in respect of the relevant Series towards reducing any Principal Deficiency (as defined below) in respect of such Series.

To the extent that the amount of Available Revenue Funds standing to the credit of the Series Revenue Ledger in respect of a Series on each Distribution Date in respect of such Series exceeds the amount required to meet certain items under applicable Series Priority of Payments, such funds will be available to replenish the Reserve Fund in respect of such Series which will itself be available to be drawn upon on any other Distribution Date upon which there exists any Income Deficiency or any Principal Deficiency in respect of the relevant Series. To the extent that the Available Revenue Funds on the relevant Distribution Date in respect of the relevant Series will be sufficient therefor, certain amounts referred to in the applicable Series Priority of Payments shall, as the case may require, be paid to the persons entitled thereto, applied or provided for on such Distribution Date and, after such payment, application or provision, it is not intended that any surplus will be accumulated in the Issuer in respect of the relevant Series.

#### **Income Deficiencies**

On each day which will fall five Business Days prior to a Distribution Date (a **Determination Date** and each period from (and including) one Determination Date (or the Issue Date) up to (but excluding) the next



Determination Date, each, a **Determination Period**) in respect of each Series, the Issuer will determine whether the credit balance of the Series Revenue Ledger (**Available Revenue Funds**) in respect of the relevant Series will be sufficient to pay or provide for certain payments under the applicable Series Priority of Payments. To the extent that the credit balance is insufficient (the amount of any deficiency being an **Income Deficiency**), the Issuer shall pay or provide for such Income Deficiency: (i) firstly, by applying amounts standing to the credit of the Series Reserve Ledger in respect of the relevant Series; (ii) secondly, (but only if specified in the relevant Supplement), by applying Actual Redemption Funds (as defined below, subject to variations in such Supplement) standing to the credit of the Series Transaction Account in respect of the relevant Series and (iii) thirdly, (if specified in the relevant Supplement and only to the extent permitted as set out under **Series Liquidity Facility** below) by applying amounts standing to the credit of the Series Liquidity Ledger (if any) in respect of the relevant Series.

### **Series Priorities of Payments**

On each Distribution Date in respect of a Series, amounts standing to the credit of the relevant Series Transaction Account will be applied in accordance with the Series Priorities of Payments set out in the relevant Supplement and the relevant Series Cash Management Agreement.

#### ***Series Pre-Enforcement, Pre-Acceleration Revenue Priority of Payments***

On each Distribution Date prior to the service of a Series Enforcement Notice or a Series Acceleration Notice in respect of the relevant Series, Available Revenue Funds standing to the credit of the relevant Series Transaction Account will be applied in accordance with the Series Pre-Enforcement, Pre-Acceleration Revenue Priority of Payments set out in the relevant Supplement (the **Series Pre-Enforcement, Pre-Acceleration Revenue Priority of Payments**).

**Available Revenue Funds** in respect of a Series will have the meaning given to it in the relevant Supplement.

#### ***Series Post-Enforcement, Pre-Acceleration Revenue Priority of Payments***

On each Distribution Date following service of a Series Enforcement Notice in respect of the relevant Series, but prior to service of a Series Acceleration Notice in respect of such Series, the Security Trustee or any appointee or receiver will hold on trust all Available Revenue Funds received or recovered by it and such Available Revenue Funds will be applied by the relevant Series Cash Manager on behalf of the Security Trustee on each Distribution Date in accordance with the Series Post-Enforcement, Pre-Acceleration Revenue Priority of Payments set out in the relevant Supplement (the **Series Post-Enforcement, Pre-Acceleration Revenue Priority of Payments**).

#### ***Series Pre-Acceleration Principal Priority of Payments***

On each Distribution Date prior to the service of a Series Acceleration Notice in respect of the relevant Series, Actual Redemption Funds standing to the credit of the applicable Series Transaction Account will be applied in accordance with the Series Pre-Acceleration Principal Priority of Payments as set out in the relevant Supplement (the **Series Pre-Acceleration Principal Priority of Payments**).

**Actual Redemption Funds** means, in respect of a Series, as at any Determination Date, unless otherwise specified in the relevant Supplement, an amount calculated as the aggregate of:

- (a) the amount standing to the credit of the relevant Series Principal Ledger as at the end of the Business Day before the Determination Date and the amount (if any) standing to the credit of the relevant Series Further Advances Ledger (before the transfer of the Committed Further Advances calculated on that Determination Date from the relevant Series Principal Ledger) (and, for the avoidance of

doubt, such amount (if any) shall be transferred to the relevant Series Principal Ledger on such Determination Date);

- (b) the amount (if any) calculated on that Determination Date pursuant to the relevant Series Priorities of Payments to be the amount by which the debit balance on any of the relevant Series Principal Deficiency Ledgers is expected to be reduced by the application of Available Revenue Funds on the immediately succeeding Distribution Date; and
- (c) on the first Determination Date, the amount standing to the credit of the relevant Series Prefunded Loans Ledger, if any, which is not allocated to purchase Prefunded Loans on the first Distribution Date;

less

- (a) the Committed Further Advances calculated on such Determination Date; and
- (b) the amount (if any) payable by the Issuer for Substitute Loans on the immediately succeeding Distribution Date.

#### ***Series Post-Acceleration Priority of Payments***

Following service of a Series Acceleration Notice in respect of the relevant Series, all moneys received or recovered by the Security Trustee (or a receiver appointed on its behalf) in respect of such Series under the Security Deed will be applied following the enforcement of the Security in respect of such Series by the relevant Series Cash Manager on behalf of the Security Trustee in the order of priority specified in the Series Post-Acceleration Priority of Payments set out in the relevant Supplement (the **Series Post-Acceleration Priority of Payments**).

#### **Issuer's obligations in respect of a Series**

The Issuer will, in respect of each Series, incur the following Series specific liabilities in addition to the Programme liabilities set out below under "*Programme liabilities*" subject to the terms of the applicable Series Priorities of Payments set out in the relevant Supplement:

- payments of interest and principal on the Notes of that Series;
- amounts payable to the Series Note Trustee and any appointee thereof in respect of the Notes of that Series issued;
- amounts payable to the Security Trustee and any appointee thereof in respect of the Security granted over the Series Assets;
- amounts due to third parties and not incurred by the Issuer in breach of the Transaction Documents;
- amounts payable in respect of Insurance Contracts maintained by or on behalf of the Issuer in respect of the Series Portfolio;
- amounts payable to the relevant Series Account Bank, Series GIC Account Bank and Series Operational Account Bank in respect of the Series Bank Accounts and Series Operational Account;
- amounts payable to the relevant Series Cash Manager and Series Calculation and Reporting Agent in respect of Series cash management services and Series calculation and reporting services;

- amounts payable to the relevant Series Agents;
- amounts payable to each relevant Series Mortgage Servicer, each Series Administrator, each Series Mortgage Special Servicer (if any) and the Series Standby Mortgage Servicer (if any) in respect of administering the relevant Series Portfolio;
- amounts payable to the Series Liquidity Facility Provider, if any, under the relevant Series Liquidity Facility Agreement;
- amounts payable to the Series Credit Support Providers, if any, under the relevant Series Credit Support Agreements;
- amounts payable to the Series Hedge Providers (including any Series Interest Rate Cap Providers, Series Interest Rate Swap Providers, Series Basis Rate Swap Providers or Series Currency Swap Providers (if any)) under the relevant Series Hedge Agreements; and
- amounts payable in respect of the relevant Series Residuals and Series MERCs, as applicable.

The above liabilities (other than the Series MERCs, unless specified otherwise in the relevant Supplement) will be paid under the applicable Series Priorities of Payments subject to the priorities of payments specified therein as described in the relevant Supplement. If a Programme Insolvency Event has not occurred and/or a Programme Enforcement Notice has not been served amounts payable by the Issuer in respect of tax liabilities will rank ahead of Noteholders in the applicable Series Priorities of Payments.

### ***Programme liabilities***

Programme expenses of the Issuer under the Programme Priority of Payments are shared between the Series on either a Series Pro Rata Amount or Series Referable Amount basis (as described above under "*Transaction Documents – Programme Cash Management Agreement*") and will include:

- amounts payable to the Security Trustee and any appointee thereof in respect of the Security Deed and the Intercreditor Deed;
- amounts due to third parties and not incurred by the Issuer in breach of the Transaction Documents on a Programme basis;
- amounts payable in respect of Insurance Contracts maintained by or on behalf of the Issuer on a Programme basis;
- amounts payable to the Corporate Services Provider;
- amounts payable to the Programme Account Bank in respect of the Programme Account;
- amounts payable to the Programme Cash Manager and the Programme Calculation and Reporting Agent in respect of Programme cash management services and Programme calculation and reporting services respectively; and
- amounts payable to the Programme Financial Servicer.

See the relevant Series Priorities of Payments for a description of the basis on which specific Programme expenses are allocated.

## Programme Priority of Payments

On each Programme Distribution Date, amounts (other than, prior to a Programme Insolvency Event and/or deemed service of a Programme Enforcement Notice, amounts standing to the credit of the Programme Tax Ledger which will only be available for application when a tax liability of the Parent is to be satisfied) standing to the credit of the Programme Account will be applied by or on behalf of the Issuer in making the following payments and provisions (the **Programme Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) *first*, in or towards satisfaction of the remuneration and indemnity amounts due and payable by the Issuer to the Security Trustee under the Security Deed, the Intercreditor Deed and the other Transaction Documents and any receiver (including any administrative receiver) or other person appointed by it under the Security Deed or any other Transaction Document (including any Value Added Tax) and any costs, charges, liabilities and expenses incurred by any of them thereunder;
- (b) *second*, prior to a Programme Insolvency Event and/or deemed service of a Programme Enforcement Notice (except in case of Programme Insolvency Event instituted by a Programme Secured Creditor), in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
  - (i) amounts then accrued but remaining unpaid to third parties (other than those parties referred to elsewhere in this Programme Priority of Payments) (including audit fees and Value Added Tax, if any) incurred without breach by the Issuer of the Transaction Documents and to provide for any such amounts expected to become due and payable by the Issuer on or before the next succeeding Programme Distribution Date (in each case to the extent not directly paid to such third party under any Series Priorities of Payments);
  - (ii) amounts payable in respect of Insurance Contracts maintained by or on behalf of the Issuer (to the extent not directly satisfied under any Series Priorities of Payments);
  - (iii) an amount to provide for the Parent's liability or possible liability for tax; and
  - (iv) to credit to the Parent's Profit Ledger an amount equal to the aggregate of all amounts credited to the Programme Account in respect of the Parent's Profit Ledger under each of the Series Priorities of Payments at such date;
- (c) *third*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
  - (i) amounts due and payable to the Corporate Services Provider under the Programme Corporate Services Agreement;
  - (ii) amounts due and payable to the Programme Account Bank under the Programme Bank Account Agreement;
  - (iii) amounts due and payable to the Programme Cash Manager and Programme Calculation and Reporting Agent under the Programme Cash Management Agreement;
  - (iv) amounts due and payable to the Programme Financial Servicer under the Programme Cash Management Agreement;
- (d) *fourth*, in or towards satisfaction of all amounts owing to any other Programme Secured Creditor; and

(e) *fifth*, to pay any remaining amount to the Issuer or other persons entitled thereto.

Prior to a Programme Insolvency Event and/or service of a Programme Enforcement Notice, amounts in respect of the Parent's liability for tax may be withdrawn by the Programme Cash Manager from the Programme Account and applied to satisfy such liability on any date, provided that if such date is a Programme Distribution Date, such payment shall be made in accordance with the Programme Priority of Payments.

**Programme Distribution Date** means 15 of September and thereafter 15 December, 15 March and 15 June, in each calendar year unless such day is not a Business Day, in which case the Programme Distribution shall be the following day which is a Business Day.

### **Series Hedge Agreements**

If specified in the relevant Supplement, the Issuer will enter into certain hedge agreements in the form of the 1992 ISDA Master Agreement (Multicurrency – Cross Border) (together with schedules and any credit support annexes thereto) (each a **Series Hedge Agreement**) with hedge providers (each a **Series Hedge Provider**), as necessary, to hedge certain interest rate, basis rate, currency and/or other risks related to any amounts received by the Issuer under the relevant Series Portfolio and any amounts payable by the Issuer under that Series and the applicable Series Priorities of Payments. If specified in the relevant Supplement, the Issuer may enter into types of Series Hedge Agreements other than those described below.

In the event that the relevant ratings of a Series Hedge Provider (or its credit support provider (if any)) are downgraded below the ratings specified in the relevant Series Hedge Agreement, the Series Hedge Provider will be required to take certain remedial measures which may include providing collateral for its obligations under the relevant Series Hedge Agreement, arranging for its obligations under the relevant Series Hedge Agreement to be transferred to an entity with ratings required by the relevant Rating Agencies, procuring another entity with ratings required by the relevant Rating Agencies to become co-obligor or guarantor, as applicable, in respect of its obligations under the relevant Series Hedge Agreement, or taking such other action as it may agree with the relevant Rating Agencies.

A Series Hedge Provider will have recourse only to the Series Assets of the Series in respect of which the Series Hedge Agreement was entered into. There will be no cross-defaults, cross-termination events or netting of payments across Series Hedge Agreements in respect of different Series.

### **Series Interest Rate Cap Agreements**

If specified in the relevant Supplement, the Issuer will enter into an interest rate cap agreement in respect of a Series (each, a **Series Interest Rate Cap Agreement**) with UBS AG, London Branch acting through its office at 1 Finsbury Avenue, London, EC2M 2PP or such series interest rate cap provider specified in the relevant Supplement (each, a **Series Interest Rate Cap Provider**) on the relevant Issue Date.

Each Series Interest Rate Cap Agreement will hedge against a possible rise in the relevant rate of interest in excess of a specified rate and for a specified term as indicated in the relevant Supplement. Unless otherwise specified in the relevant Supplement, under each Series Interest Rate Cap Agreement, the difference between (a) the amount produced by applying the relevant rate of interest for the relevant Interest Period to the notional amount specified in the relevant Supplement and (b) the amount produced by applying the specified rate to the same notional amount for the same period, will be paid (if such figure is positive) by the relevant Series Interest Rate Cap Provider to the Issuer on the next following Distribution Date in respect of the relevant Series.

The relevant Supplement will specify the required ratings in respect of a Series Interest Rate Cap Provider or a Series Interest Rate Cap Guarantor, as well as the consequences of failing to maintain such ratings.

Each Series Interest Rate Cap Agreement will be governed by English law.

Under a guarantee which may form part of a Series Interest Rate Cap Agreement, an interest rate cap guarantor specified in the relevant Supplement (each, a **Series Interest Rate Cap Guarantor**) in respect of the relevant Series may provide a guarantee in favour of the Issuer and guarantee the obligations of the relevant Series Interest Rate Cap Provider under the relevant Series Interest Rate Cap Agreement.

#### ***Series Interest Rate Swap Agreements***

If specified in the relevant Supplement, the Issuer will enter into an interest rate swap agreement in respect of a Series (each, a **Series Interest Rate Swap Agreement**) with UBS AG, London Branch acting through its office at 1 Finsbury Avenue, London, EC2M 2PP or such other Series Interest Rate Swap Provider as specified in the relevant Supplement (each, a **Series Interest Rate Swap Provider**) on the relevant Issue Date.

A Series Interest Rate Swap Agreement will hedge against a possible mismatch between the floating rate payable by the Issuer on the Notes and the fixed rate of interest received by the Issuer on any Fixed Rate Loans in the relevant Series Portfolio. Unless otherwise specified in the relevant Supplement, under each Series Interest Rate Swap Agreement, the notional amount of the Series Interest Rate Swap will be equal to the Performing Fixed Rate Loan Amount. The Issuer will pay to the Series Interest Rate Swap Provider the amount produced by applying a certain percentage to such notional amount and the Series Interest Rate Swap Provider will pay to the Issuer the amount produced by applying 3 month LIBOR to the same notional amount.

For the purposes of the foregoing paragraph, **Performing Fixed Rate Loan Amount** means: (a) the actual interest receipts received by the Issuer in respect of the Fixed Rate Loans in the Series Portfolio during the period from (but excluding) the Determination Date immediately preceding the relevant Interest Period (or, in the case of the first Interest Period, the Issue Date) up to (and including) the Determination Date falling during such Interest Period (the **Relevant Period**); *divided by* (b) the interest receipts scheduled to have been received in respect of the Fixed Rate Loans in the Series Portfolio during the Relevant Period; *multiplied by* (c) the average of the aggregate of the Balance of the Fixed Rate Loans in the Series Portfolio as of the third Business Day of each calendar month falling during such Interest Period.

The relevant Supplement will specify the required ratings in respect of a Series Interest Rate Swap Provider or a Series Interest Rate Swap Guarantor, as well as the consequences of failing to maintain such ratings.

Each Series Interest Rate Swap Agreement will be governed by English law.

Under a guarantee which may form part of a Series Interest Rate Swap Agreement, an interest rate swap guarantor specified in the relevant Supplement (each, a **Series Interest Rate Swap Guarantor**) in respect of the relevant Series may provide a guarantee in favour of the Issuer and guarantee the obligations of the relevant Series Interest Rate Swap Provider under the relevant Series Interest Rate Swap Agreement.

#### ***Series Basis Rate Swap Agreements***

If specified in the relevant Supplement, the Issuer will enter into a basis rate swap agreement in respect of a Series (each, a **Series Basis Rate Swap Agreement**) with a basis rate swap provider specified in the relevant Supplement (each, a **Series Basis Rate Swap Provider**) on the relevant Issue Date.

Each Series Basis Rate Swap Agreement will hedge against (i) a possible mismatch between LIBOR (the reference rate by which interest on some or all of the Notes is payable) and the Bank Rate (the reference rate by which interest is payable on some of the Loans in the relevant Series Portfolio); and/or (ii) a possible mismatch caused by LIBOR of a particular maturity being used as the reference rate by which interest on

some or all of the Notes is payable and LIBOR of a different maturity being used as the reference rate by which interest on some or all of the Loans in the relevant Series Portfolio is payable; and/or (iii) a possible mismatch between LIBOR calculated on the date specified in the relevant Loans (**Quarterly Loan LIBOR**) and LIBOR calculated on the date specified for the relevant Notes (**Quarterly Note LIBOR**), in cases where LIBOR of the same maturity is used as a reference rate by which interest payable on the relevant Loans in the relevant Series Portfolio and on the relevant Notes is calculated.

Unless otherwise specified in the relevant Supplement, under each Series Basis Rate Swap Agreement (as applicable):

- (a) the relevant Series Basis Rate Swap Provider will pay to the Issuer the amount produced by applying LIBOR for the relevant Interest Period to a notional amount equal to the Outstanding Principal Balance of the Notes as at the immediately preceding Distribution Date and the Issuer will pay to the relevant Series Basis Rate Swap Provider the amount produced by applying the Bank Rate to the same notional amount for the same period; and/or
- (b) the relevant Series Basis Rate Swap Provider will pay to the Issuer the amount produced by applying LIBOR of the maturity applicable to the relevant LIBOR Loans in the Series Portfolio for the relevant Interest Period to a notional amount equal to the Outstanding Principal Balance of the relevant Notes as at the immediately preceding Distribution Date and the Issuer will pay to the relevant Series Basis Rate Swap Provider the amount produced by applying LIBOR of the maturity applicable to the relevant Notes of the Series to the same notional amount for the same period; and/or
- (c) the relevant Series Basis Rate Swap Provider will pay to the Issuer the amount produced by applying Quarterly Note LIBOR to a notional amount equal to the Outstanding Principal Balance of the relevant Notes as at the immediately preceding Distribution Date and the Issuer will pay to the Series Basis Rate Swap Provider the amount produced by applying Quarterly Loan LIBOR to the same notional amount.

The relevant Supplement will specify the required ratings in respect of a Series Basis Rate Swap Provider or a Series Basis Rate Swap Guarantor, as well as the consequences of failing to maintain such ratings.

Each Series Basis Rate Swap Agreement will be governed by English law.

Under a guarantee which may form part of a Series Basis Rate Swap Agreement, a basis rate swap guarantor specified in the relevant Supplement (each, a **Series Basis Rate Swap Guarantor**) in respect of the relevant Series may provide a guarantee in favour of the Issuer and guarantee the obligations of the relevant Series Basis Rate Swap Provider under the relevant Series Basis Rate Swap Agreement.

### ***Series Currency Swap Agreements***

Unless otherwise specified in the relevant Supplement, the USD Notes (if any) in respect of any Series will be denominated in U.S. dollars and the Euro Notes (if any) in respect of any Series will be denominated in Euro and the Issuer will pay interest and principal on the USD Notes in U.S. dollars and on the Euro Notes in Euro. However, payments of interest and principal by Borrowers under the Loans in respect of the relevant Series Portfolio will be made in Sterling. In addition, the USD Notes in respect of the relevant Series will bear interest at a rate based on a margin over Note USD-LIBOR and the Euro Notes in respect of the relevant Series will bear interest at a rate based on a margin over Note EURIBOR. In order to protect itself against currency exchange rate exposure (and any related interest rate exposure in connection with such currency exchange rate exposure) in respect of payments of principal and interest on the USD Notes and Euro Notes relating to any Series, the Issuer may enter into one or more Series Currency Swap Agreements on or prior to the Issue Date in respect of the relevant Series with UBS AG, London Branch acting through its office at 1

Finsbury Avenue, London, EC2M 2PP or such other Series Currency Swap Provider as specified in the relevant Supplement.

The termination events in respect of each Series Currency Swap Agreement will be specified in the relevant Supplement.

The relevant Supplement will specify the required ratings in respect of a Series Currency Swap Provider (or its credit support provider (if any), as the case may be), as well as the consequences of failing to maintain such ratings.

Each Series Currency Swap Agreement in respect of any Series will be governed by English law.

### **Series Credit Support Agreements**

If specified in the relevant Supplement, one or more of the following types of credit support arrangements (each agreement related thereto, a **Series Credit Support Agreement**) may be entered into by the Issuer with credit support providers (each a **Series Credit Support Provider**) in respect of that Series:

- a financial guarantee issued in favour of the Series Note Trustee and the Security Trustee in respect of certain liabilities of the Issuer to make payments of interest and principal on certain Classes of Notes in a Series; and/or
- a letter of credit facility under which a letter of credit facility provider will issue one or more irrevocable letters of credit in favour of the Issuer if and when the Issuer has insufficient funds available to maintain specified ratings in respect of a Class of Notes in a Series; and/or
- such other credit support arrangements as may be described in the relevant Supplement.

Each Series Credit Support Agreement will specify the minimum ratings requirements for the relevant Series Credit Support Provider. In the event that the relevant ratings of a Series Credit Support Provider are downgraded below the specified minimum ratings, then the relevant Series Credit Support Provider will be required to take certain remedial measures which may include providing collateral for its obligations in accordance with the terms of the applicable Series Credit Support Agreement.

### **Series Liquidity Facility Agreements**

If specified in the relevant Supplement, and subject to the conditions described below and satisfaction of the conditions precedent specified in a Series Liquidity Facility Agreement, the Issuer will be entitled from time to time on any Distribution Date in respect of each Series to make drawings up to the Series Liquidity Maximum Amount (as defined below) in respect of the relevant Series in accordance with the applicable Series Priority of Payments under a facility (the **Series Liquidity Facility**), renewable by agreement with the Series Liquidity Provider and the Security Trustee, to be entered into between, *inter alios*, the series liquidity facility provider specified in the relevant Supplement (the **Series Liquidity Facility Provider**) and the Issuer pursuant to the terms of an agreement between the Issuer, the Security Trustee and the Series Liquidity Facility Provider (the **Series Liquidity Facility Agreement**) (any such drawings to be initially credited to the relevant Series GIC Bank Account and recorded by the Issuer in a ledger established for such purposes in respect of the relevant Series (the **Series Liquidity Ledger**)).

Any drawing by the Issuer under each Series Liquidity Facility shall only be up to the Series Liquidity Maximum Amount and shall only be made available to the extent that, after the application of the Available Revenue Funds (other than amounts standing to the credit of the Series Liquidity Ledger but including amounts standing to the credit of the Series Reserve Ledger) in respect of the relevant Series, there are insufficient amounts to meet certain items specified in the relevant Supplement of the applicable Series



Priority of Payments in full on that Distribution Date and provided that no drawings from the Series Liquidity Ledger in respect of the relevant Series may be made to meet interest payments on the Class of Notes specified in the relevant Supplement to the extent that, after the application of the Available Revenue Funds and any amounts standing to the credit of the Series Reserve Ledger, the Series Principal Deficiency Sub-Ledger in respect of that Class of Notes specified in the relevant Supplement would have a debit balance equal to or greater than the percentage specified in the relevant Supplement of the then Principal Amount Outstanding of that Class of Notes. Further, subject always to the above, no amount may be drawn to meet interest payments on a Class of Notes specified in the relevant Supplement if on the relevant Determination Date in respect of the relevant Series the aggregate balance of all Loans in the relevant Series Portfolio which were in arrears for the period of days specified in the relevant Supplement or longer is more than the percentage specified in the relevant Supplement of the principal amount outstanding under the Notes on the Issue Date in respect of the relevant Series.

The amount of drawings credited in respect of a Series to the relevant Series GIC Bank Account and recorded in the Series Liquidity Ledger on any Distribution Date (or, after the Liquidity Drawdown Date in respect of the relevant Series, the amount standing to the credit of the relevant Series GIC Bank Account and recorded in the Series Liquidity Ledger in respect of the relevant Series that is to be withdrawn from the relevant Series GIC Bank Account to make payments under the applicable Series Priority of Payments on such Distribution Date) will be transferred to the Series Revenue Ledger on that Distribution Date for application in accordance with the applicable Series Priority of Payments. Likewise, any amounts to be recorded in the Series Liquidity Ledger in accordance with the applicable Series Priority of Payments (as appropriate) will be transferred from the Series Revenue Ledger to the Series Liquidity Ledger on the relevant Distribution Date and thereafter (but only prior to the Liquidity Drawdown Date (as defined below)) will be utilised in repaying amounts outstanding under the relevant Series Liquidity Facility in respect of the relevant Series.

Amounts credited to a Series Liquidity Ledger up to the Liquidity Drawn Amount (as defined below) under the applicable Series Priority of Payments (except amounts which represent any interest component) will be capable of being redrawn under the Series Liquidity Facility (together, as the case may be, with other undrawn amounts under the Series Liquidity Facility prior to the Liquidity Drawdown Date in respect of the relevant Series) or from a Series Liquidity Ledger (on or after the Liquidity Drawdown Date in respect of the relevant Series) on any Distribution Date relating to the applicable Series to the extent set out above in this section.

The relevant Supplement will specify the required ratings in respect of a Series Liquidity Facility Provider. If, at any time in respect of any relevant Series the required ratings of the relevant Series Liquidity Facility Provider are not maintained or the Series Liquidity Facility Provider refuses to grant an extension of the Series Liquidity Facility, the Issuer may forthwith draw down the entirety of the undrawn portion of the Series Liquidity Facility and credit such amount to the Series Liquidity Ledger in respect of the relevant Series. The date upon which such amount is drawn down is the **Liquidity Drawdown Date** in respect of the relevant Series. Interest will be payable by the Issuer on the amount of any such draw down as if it were any other draw down under the relevant Series Liquidity Facility Agreement.

Each Series Liquidity Facility will contain certain corporate representations by the Issuer to the Series Liquidity Facility Provider, as further set out therein.

**Liquidity Drawn Amount** means on any Determination Date in respect of each Series: either, (i) at any time prior to the Liquidity Drawdown Date, the amount then drawn under the relevant Series Liquidity Facility and not repaid together with all accrued interest up to (but excluding) the related next Distribution Date pursuant to the Series Liquidity Facility Agreement; or (ii) at any time on or after the Liquidity Drawdown Date, the difference between the Series Liquidity Maximum Amount and the amount standing to the credit of the relevant Series Liquidity Ledger (except amounts which represent any interest component) on that Determination Date in respect of the relevant Series.

**Series Liquidity Maximum Amount** means in respect of each Series, unless specified otherwise in the relevant Supplement:

- (a) initially, an amount specified in the relevant Supplement on the Issue Date in respect of the relevant Series; and
- (b) on each Distribution Date where the Series Liquidity Maximum Amount will be equal to or greater than the percentage specified in the relevant Supplement of the Principal Amount Outstanding under the Notes (excluding the Series Subordinated Notes, if any), then the Series Liquidity Maximum Amount shall be reduced to an amount which is the greater of: (i) the percentage specified in the relevant Supplement of the Principal Amount Outstanding of the Notes (excluding the Series Subordinated Notes, if any) on such Distribution Date; and (ii) an amount specified in the relevant Supplement (the **Liquidity Facility Floor**) provided that no such reduction shall occur on a Distribution Date in respect of the relevant Series if:
  - (i) after application of the Available Revenue Funds on the relevant Distribution Date, the Series Reserve Fund will be less than the Series Reserve Fund Required Amount;
  - (ii) there is a debit balance on the relevant Series Principal Deficiency Ledger;
  - (iii) the aggregate value of the principal losses experienced on the relevant Series Portfolio (whether or not such losses form part of the relevant Series Principal Deficiency Ledger at such time) as at the immediately preceding Determination Date will be greater than the percentage specified in the relevant Supplement of the aggregate Balances of all the Loans in the relevant Series Portfolio on the Issue Date in respect of the relevant Series;
  - (iv) as at the immediately preceding Distribution Date the aggregate Balance of Loans in the relevant Series Portfolio in respect of which any payment is 90 days or more in arrears (including, for the avoidance of doubt, any Loans in that Series Portfolio in respect of which Enforcement Procedures have commenced and the Property in respect of that Loan has not been sold) is higher than the percentage specified in the relevant Supplement of the aggregate Balance of all Loans in the relevant Series Portfolio;
  - (v) any Series Mortgage Servicer, Series Mortgage Special Servicer, Series Calculation and Reporting Agent or any Series Cash Manager in respect of the relevant Series is in default of its obligations under the relevant Series Mortgage Servicing Agreement, Mortgage Special Servicing Agreement or the relevant Series Cash Management Agreement, as applicable in respect of that Series; or
  - (v) amounts of Liquidity Advances remain drawn but unpaid as at such date pursuant to the relevant Series Liquidity Facility Agreement.

Each Series Liquidity Facility Provider will not be obliged to advance funds beyond the Series Liquidity Maximum Amount at any time in respect of each Series.

#### **Use of Proceeds of the Series Subordinated Notes**

If specified in the relevant Supplement, the proceeds of the sub-Class of the Series Subordinated Notes specified in the relevant Supplement may be used to fund the Initial Reserve Fund Amount in respect of each Series and the proceeds of the sub-Class of the Series Subordinated Notes specified in the relevant Supplement may be used to fund the Series Prefunding Interest Shortfall Amounts and the Series Discount Reserve (if any). Such amounts will be paid into the relevant Series GIC Account and will be recorded by the relevant Series Calculation and Reporting Agent in the Series Reserve Ledger and the Series Prefunding

Interest Shortfall Ledger in respect of each Series. The proceeds of the sub-Class of the Series Subordinated Notes specified in the relevant Supplement will be used by the Issuer for meeting costs and expenses arising in respect of the issue of the Notes of the relevant Series.

### **Series Reserves**

In addition to the Series Reserve Fund and the Series Discount Reserve described below, additional reserves in respect of a Series may be specified in the relevant Supplement. In addition to, or instead of the reserves, overcollateralisation in respect of a Series may be specified in the relevant Supplement.

#### ***Series Reserve Fund***

If specified in the relevant Supplement, a reserve fund will be established on an Issue Date (the **Series Reserve Fund**) to provide limited coverage for shortfalls in amounts as specified in the relevant Supplement due under the relevant Series Priorities of Payments. If specified in the relevant Supplement, the Series Reserve Fund will be funded using part of the proceeds of the Instruments specified in the relevant Supplement or as otherwise provided for in that Supplement.

The initial reserve fund amount as specified in the relevant Supplement (the **Initial Series Reserve Fund Amount**) in respect of a Series will be credited to the relevant Series GIC Reserve Account in a ledger maintained for that purpose (the **Series Reserve Ledger**) in respect of each Series.

The amount standing, from time to time, to the credit of the Series Reserve Fund in respect of a Series (the **Series Reserve Fund Amount**) will be available to meet, *inter alia*: Income Deficiencies; Interest Shortfalls on the Notes of that Series; Principal Deficiencies arising from time to time; and any extraordinary costs and expenses incurred by the Issuer.

If specified in the applicable Supplement, where, on any Distribution Date in respect of each Series, the amount credited to the Series Reserve Fund Amount exceeds the Series Reserve Fund Required Amount (as defined below), the excess shall be applied to redeem the sub-Class of the Series Subordinated Notes specified in the relevant Supplement (if any) in respect of the relevant Series or will be applied as otherwise provided for in that Supplement.

**Series Reserve Fund Required Amount** means an amount specified in the relevant Supplement provided that, on each Distribution Date in respect of a Series falling on or after the first Distribution Date in respect of such Series on which the relevant Series Reserve Fund is equal to or greater than the percentage of the Principal Amount Outstanding of the Notes (excluding the Series Subordinated Notes, if any) specified in the relevant Supplement (the **Series Reserve Fund Determination Date** and the **Series Reserve Fund Maximum Percentage**, respectively) and if in respect of the relevant Series:

- (a) all balances on each of the sub-ledgers of the relevant Series Principal Deficiency Ledger are zero;
- (b) no amount has been drawn under the Series Liquidity Facility (if any) before the relevant Series Reserve Fund Determination Date;
- (c) the amount in the relevant Series Reserve Fund is equal to or greater than the Series Reserve Fund Required Amount as of the relevant Series Reserve Fund Determination Date;
- (d) the total Balances of all Loans in the relevant Series Portfolio which are 90 days or more in arrears (including, for the avoidance of doubt, any Loans in that Series Portfolio in respect of which Enforcement Procedures have commenced and the Property in respect of that Loan has not been sold) does not exceed the percentage specified in the relevant Supplement of the total balance of all the Loans in the Series Portfolio;

- (e) the total Balances of all Loans foreclosed in the Series Portfolio does not exceed the percentage of the original balance of the Series Portfolio as at the relevant Issue Date or a percentage specified in the relevant Supplement; and
- (f) the total losses suffered by the Issuer from the relevant Issue Date until the relevant Series Reserve Fund Determination Date are lower than the percentage specified in the relevant Supplement,

then the Series Reserve Fund Required Amount will be reduced to an amount equal, on such Series Reserve Fund Determination Date in respect of the relevant Series, to the greater of an amount specified in the relevant Supplement and the percentage of the then Principal Amount Outstanding of the Notes (excluding the Series Subordinated Notes (if any)), as specified in the relevant Supplement.

### ***Series Discount Reserve***

If specified in the relevant Supplement, a discount reserve will be established on the relevant Issue Date (the **Series Discount Reserve**) to cover the expected difference during the relevant discount period between rates payable on the Discount Loans in the Series Portfolio and the margin above the Bank Rate or LIBOR or the Standard Variable Rate (as applicable) that will apply in respect of such Discount Loans when the discount period expires, as further described in the relevant Supplement. The Series Discount Reserve will be adjusted for Prefunded Loans, Substitute Loans and Further Advances in each case in respect of the relevant Series Portfolio, as applicable. If specified in the relevant Supplement, the Series Discount Reserve will be funded using part of the proceeds of the Instruments specified in the relevant Supplement.

Each Series Discount Reserve will be required to be maintained at the Series Discount Reserve Required Amount specified in the relevant Supplement and if at any time the amount standing to the credit of the Series Discount Reserve exceeds the Series Discount Reserve Required Amount, the amount of such excess shall be debited from the Series Discount Reserve and credited to the Series Transaction Account for application in accordance with the Series Priorities of Payments.

On any Distribution Date on which the Notes are redeemed in full or on which all discounts applicable to Discount Loans which then form part of the relevant Series Portfolio have expired, the Series Discount Reserve (if any) will be applied as Available Revenue Funds.

### **Series MERCs**

MERCs may be issued by the Issuer if specified in the relevant Supplement. The MERCs constitute amounts payable to Series MERC Holders on a pro rata basis from Mortgage Early Repayment Charges, received by the Issuer in respect of Mortgage Early Repayment Charges in respect of the relevant Series.

Following the earliest to occur of (i) redemption of all the Notes in respect of the relevant Series, (ii) service of a Series Enforcement Notice or Series Acceleration Notice in respect of the relevant Series and payment by the Issuer of all sums to be applied pursuant to the applicable Series Priorities of Payments, (iii) the exercise by the PECO Holder of the Series Post-Enforcement Call Option (if any), or (iv) the Noteholders in relation to the relevant Series otherwise ceasing to be Series Secured Creditors and becoming Programme Secured Creditors, no termination payment or other amount (other than amounts then payable in respect of MERC Holder Payments) will be payable in respect of the MERCs and, following the payment of any amounts then payable in respect of MERC Holder Payments, the MERCs shall no longer constitute a claim against the Issuer in respect of the relevant Series. Holders of the MERCs will be Series Secured Creditors of the relevant Series.

## Series Residuals

If specified in the relevant Supplement, Series Residuals may be issued on an Issue Date in connection with the sale of a Series Portfolio by a Series Portfolio Seller in respect of a Series. Each Series Residual bears an entitlement to receive a payment in respect of residual amounts available for such purpose in accordance with the applicable Series Priorities of Payments. The Residuals will pay on each relevant Distribution Date in respect of the relevant Series such residual amount (the **Series Residual Payment**) as is available for such purpose in accordance with the applicable Series Priorities of Payments (following payment of or provision for all higher ranking items) divided by the number of Series Residuals existing on the Determination Date prior to the relevant Distribution Date in respect of the relevant Series.

The Series Residuals constitute amounts payable to the Residual Holders in respect of the relevant Series on a pro rata basis from amounts equal to the residual amount available for such purpose in accordance with the applicable Series Priorities of Payments, following payment of or provision for all higher ranking items.

Following the earliest to occur of (i) redemption of all the Notes in respect of the relevant Series, (ii) service of a Series Enforcement Notice or a Series Acceleration Notice in respect of the relevant Series and payment by the Issuer of all sums to be applied pursuant to the applicable Series Priorities of Payments, (iii) the exercise by the PECO Holder of the Series Post-Enforcement Call Option (if any), or (iv) the Noteholders in relation to the relevant Series otherwise ceasing to be Series Secured Creditors and becoming Programme Secured Creditors, no termination payment or other amount will be payable in respect of the Series Residuals and the Series Residuals shall no longer constitute a claim against the Issuer in respect of the relevant Series. Holders of the Series Residuals will be Series Secured Creditors of the relevant Series.

## Uncertificated Series MERCs and Series Residuals

The Issuer may, in relation to any one or more Series, not issue Series MERCs or Series Residuals. Amounts which would otherwise be paid as described under Series MERCs and Series Residuals (as described above) may instead be paid pursuant to an obligation documented in another form. Such obligation may be capable of assignment or transfer (although it may or may not be a transferable instrument).

## Authorised Investments

Each Series Cash Manager will on each Distribution Date in respect of a Series invest some or all of the funds of the Issuer (standing to the credit of the relevant Series Transaction Account and/or relevant Series GIC Accounts) in certain investments (**Authorised Investments**) with a short term, unsecured, unguaranteed and unsubordinated rating of at least P-1 from Moody's, A-1+ from S&P and F1+ from Fitch or, with the consent of S&P and Fitch, the equivalent rating from another internationally recognised rating agency, provided that such investments mature on or prior to the Distribution Date in respect of that Series on which the cash represented by such investments is required by the Issuer.

Each Series Account Bank will maintain and the relevant Series Cash Manager will on behalf of the Issuer operate each Series Account on a segregated basis. For a description of how the funds will be invested and managed, see "*Transaction Documents – Series Bank Account Agreements – Series Bank Accounts.*"

## Series Principal Deficiency Ledger

A Series Principal Deficiency Ledger in respect of each Series (the **Series Principal Deficiency Ledger**) will comprise sub-ledgers specified in the relevant Supplement known as the **Series Principal Deficiency Sub-Ledgers** in respect of the Class of Notes specified in the relevant Supplement established in order to record any losses on the relevant Series Portfolio (each respectively the **Principal Deficiency** in respect of each Class of Notes specified in the relevant Supplement and together the **Principal Deficiencies**). Any Principal Deficiency will be debited to the relevant Series Principal Deficiency Sub-Ledger (such debit items

being re-credited under the applicable Series Priority of Payments) so long as the debit balance on such sub-ledger is less than the Principal Amount Outstanding of the relevant Class of Notes (the **Principal Deficiency Limit**).

### ***Retentions***

Amounts received and standing to the credit of a Series Principal Ledger during a Determination Period in respect of a Series will be utilised by the Issuer as a Series Permitted Withdrawal (and paid outside of the relevant Series Priorities of Payments) to fund Retentions released to Borrowers in the Determination Period for that Series in respect of which Retentions are required to be made by the relevant Series Portfolio Seller pursuant to the terms of the relevant Loans in the relevant Series Portfolio. See "*Credit Structure – Series Permitted Withdrawals*" above.

### **Ranking of the Notes**

Holders of any Class of Notes that ranks below another Class of Notes as specified in the relevant Supplement in respect of a Series, will not be entitled to receive any payment of interest unless and until all amounts then due to the Noteholders of each Class of Notes which ranks in priority to the Class of Notes held by them have been paid in full, in accordance with the applicable Series Priority of Payments of such Supplement.

In the event that, on any Determination Date in respect of a Series, there are insufficient Available Revenue Funds to make payment in full of interest amounts due and payable on a Class of Notes specified in the relevant Supplement then, to that extent, interest in respect of the relevant Class shall be deferred until the next Distribution Date on which there are sufficient Available Revenue Funds.

The Notes will be constituted by a Series Trust Deed in respect of each Series and will share the same security although, upon enforcement, each Class of Notes will rank in the priority specified in the relevant Supplement.

## BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of 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 none of the Issuer, the Series Note Trustee or any Dealer takes 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. Neither the Issuer nor any other party to the Series Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in any Series of Notes held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

### **Book-entry Systems**

#### ***DTC***

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds and provides asset servicing for securities that its participants deposit with DTC. DTC also facilitates the post-trade settlement among participants of sales and other securities transactions in deposited securities through electronic computerised book-entry transfers and pledges between participants' accounts, thereby eliminating the need for physical movement of securities certificates. Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC, in turn, is owned by a number of participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a participant, either directly or indirectly. DTC has S&P's highest rating: AAA. The DTC rules applicable to DTC's participants and indirect participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Notes under the DTC system must be made by or through participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note (the beneficial owner) is in turn to be recorded on the participants' and indirect participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the participant or indirect participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of participants or indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorised representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual

beneficial owners of the Notes; DTC's records reflect only the identity of the participants to whose accounts such Notes are credited, which may or may not be the beneficial owners. The participants and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to participants, by participants to indirect participants, and by participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Notes unless authorised by a participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an omnibus proxy to the Issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the omnibus proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit participants' accounts, upon DTC's receipt of funds and corresponding detail information from the issuer or the principal paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by participants or indirect participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such participant or indirect participant and not of DTC or its nominee, the principal paying agent or the issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorised representative of DTC) is the responsibility of the issuer or the principal paying agent, disbursement of such payments to participants will be the responsibility of DTC, and disbursement of such payments to the beneficial owners will be the responsibility of participants and indirect participants.

### ***Euroclear and Clearstream, Luxembourg***

Euroclear and Clearstream, Luxembourg each hold securities for their participants and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective participants, thereby eliminating the need for physical movements of certificates and any risk from lack of simultaneous transfers of securities.

Euroclear and Clearstream, Luxembourg each provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Accountholders in both Euroclear and Clearstream, Luxembourg are world-wide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with a participant of either system.



A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective participants.

For so long as the Notes are represented by Global Notes and such Global Notes are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative participants rather than by publication as required by Condition 19 (*Notices*) provided that, for so long as the Notes are admitted to trading on the Irish Stock Exchange, the competent authority so agrees. Any such notice shall be deemed to have been given to the Noteholders on the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

### **Book-entry Ownership of and Payments in respect of Notes held through DTC**

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to participants or indirect participants, including the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of participants) and the records of participants (with respect to the interests of indirect participants).

It should be noted that DTC will only process payments of principal and interest in U.S. dollars. Payments in U.S. dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars in respect of a Registered Global Note accepted by DTC, payment will be made by the Exchange Rate Agent and the Exchange Rate Agent will (in accordance with express written instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable participants' accounts.

The Issuer expects DTC to credit accounts of participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by participants or indirect participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such participant or indirect participant and not the responsibility of DTC, the Series Note Trustee, the Security Trustee, the Series Agents or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

### **Transfers of Notes Represented by Registered Global Notes**

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States may require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such

Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of participants in the DTC system who in turn act on behalf of indirect participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a participant or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Subscription and Sale and Transfer and Selling Restrictions*" below, cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear participants, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Series Registrar, the Series Principal Paying Agent and any custodian with whom the relevant Registered Global Notes have been deposited (the **Series Custodian**).

On or after the Issue Date for any Series, transfers of Notes of such Series between participants in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between participants in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Note will be effected through the Series Registrar, the Series Principal Paying Agent and the Series Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Series Note Trustee, the Security Trustee, the Issuer, the Series Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

## UNITED KINGDOM TAXATION

The following is a general description of certain aspects of current United Kingdom law and HM Revenue and Customs (**HMRC**) practice relating to the United Kingdom taxation of the Notes and is limited to a general consideration of the United Kingdom tax position of persons who are absolute beneficial owners of the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes and should therefore be treated with appropriate caution. Some aspects do not apply to certain classes of taxpayer (such as dealers) or to Noteholders where the object, or one of the main objects, of acquiring or holding the Notes was or is the securing, whether for the Noteholder or any other person, of a tax advantage.

### **A United Kingdom Withholding Tax**

Interest payments on the Notes (whether in global or definitive form) will be payable without withholding or deduction for or on account of United Kingdom income tax provided that at the time of payment of the interest, the Notes are listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. The Irish Stock Exchange is a "recognised stock exchange" for these purposes. Under an HMRC interpretation, the Notes will satisfy this requirement if they are listed (by being admitted to the Official List) and admitted to trading on the Irish Stock Exchange.

Interest on the Notes may also be paid without withholding or deduction for or on account of United Kingdom income tax where interest on the Notes is paid by a company and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest, provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that it is likely that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of United Kingdom income tax. Interest on the Notes may also be paid without deduction or withholding on account of United Kingdom tax where the maturity of the Notes is less than 365 days.

In other cases, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the savings rate (currently 20 per cent), subject to any direction to the contrary by HMRC under an applicable double taxation treaty. Where any amounts are withheld on account of United Kingdom income tax. The Issuer will not be obliged to make additional payments to Noteholders to compensate them for such withholding.

Noteholders who are individuals may wish to note that, in certain circumstances, HMRC has the power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Noteholder. HMRC also has power, in certain circumstances, to obtain information from any person in the United Kingdom who pays amounts payable on the redemption of Notes which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005 to, or receives such amounts for the benefit of, another person. Previously, HMRC published practice was that it would not exercise its power to require this information in respect of amounts payable on the redemption of deeply discounted securities where such amounts were paid on or before 5 April 2006. HMRC has indicated informally that it will continue to apply this concession beyond 5 April 2006 but has not provided details as to when the concession will cease to apply. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Such information may, in certain circumstances, be exchanged by HMRC with the tax authorities of other jurisdictions.

**B EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

**C Direct Assessment of Non-United Kingdom Resident Noteholders to United Kingdom Tax on United Kingdom Interest**

Interest on the Notes constitutes United Kingdom source income for United Kingdom tax purposes and, as such may be subject to United Kingdom income tax by direct assessment even where paid without withholding or deduction for or on account of United Kingdom income tax, except in the hands of a Noteholder who is exempt from United Kingdom income tax under the terms of an applicable double taxation treaty.

However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom income tax will not be chargeable to United Kingdom tax in the hands of a Noteholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Noteholder carries on a trade, profession or vocation through a branch or agency (or, in the case of a Noteholder which is a company, which carries on a trade through permanent establishment) in the United Kingdom in connection with which the interest is received or to which the Notes are attributable. There are exemptions for interest received by certain categories of agent (such as some brokers and investments managers).

**D United Kingdom Corporation Tax Payers**

In general, for Noteholders within the charge to United Kingdom corporation tax, any profits, gains and losses, and fluctuations in the value of the Notes (whether attributable to currency fluctuations or otherwise) measured and recognised broadly in accordance with their statutory accounting treatment, are taxed or relieved as income. Noteholders within the charge to United Kingdom corporation tax are generally charged to tax in each accounting period by reference to interest accrued in that period and other profits recognised in that period.

## UNITED STATES FEDERAL INCOME TAXATION

### General

**Any U.S. federal tax discussion in this Offering Circular was not intended or written to be used, and cannot be used, by any taxpayer for purposes of avoiding U.S. federal income tax penalties that may be imposed on the taxpayer. Any such tax discussion was written to support the promotion or marketing of the Notes to be issued or sold pursuant to this Offering Circular. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax adviser.**

The following is a general summary of the principal U.S. federal income tax consequences that may be relevant with respect to the purchase, ownership and disposition of the Notes. In general, this summary assumes that holders acquire the Notes at original issuance and will hold the Notes as capital assets. It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase Notes. In particular, it does not discuss special tax considerations that may apply to certain types of taxpayers, including, without limitation, the following: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in stocks, securities, notional principal contracts or currencies; (iv) tax-exempt entities; (v) real estate investment trusts; (vi) regulated investment companies; (vii) persons that will hold Notes as part of a "hedging" or "conversion" transaction or as a position in a "straddle" or as part of a "synthetic security" or other integrated transaction for U.S. federal income tax purposes; (viii) persons that own (or are deemed to own) 10 per cent. or more of the voting shares of the Issuer; (ix) partnerships, pass-through entities, or persons that hold Notes through partnerships or pass-through entities; and (x) persons that have a "functional currency" other than the U.S. dollar. In addition, this summary does not address alternative minimum tax consequences or the indirect effects on the holders of interests in a holder of Notes. This summary also does not describe any tax consequences arising under the laws of any taxing jurisdiction other than the U.S. federal government.

Each prospective investor should consult its own tax adviser with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, owning or disposing of the Notes.

This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the **Code**), U.S. Treasury regulations and judicial and administrative interpretations thereof, in each case as in effect or available on the date of this Offering Circular. All of the foregoing is subject to change, and any such change may apply retroactively and could affect the tax consequences described below.

As used in this section, the term **U.S. Holder** means a beneficial owner of Notes that is for U.S. federal income tax purposes: (i) a citizen or resident of the United States; (ii) a corporation (or other entity treated as a corporation) created or organised in or under the laws of the United States or any state thereof (including the District of Columbia); (iii) any estate the income of which is subject to U.S. federal income tax regardless of its source; or (iv) any trust if a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of the trust. A **Non-U.S. Holder** is a beneficial owner of Notes that is not a U.S. Holder. If a partnership holds Notes, the tax treatment of a partner generally will depend upon the status of the partner and upon the activities of the partnership. Partners of partnerships holding Notes should consult their own tax advisers.

### Taxation of U.S. Holders of the Notes

No statutory, judicial or administrative authority directly addresses the characterisation of the Notes or instruments similar to the Notes for U.S. federal income tax purposes. As a result, significant aspects of the U.S. federal income tax consequences of an investment in the Notes are not certain. No ruling is being requested from the U.S. Internal Revenue Service (the **IRS**) with respect to the Notes and no assurance can

be given that the IRS will agree with the conclusions expressed herein. Although the Notes will be issued in the form of debt, the terms and conditions of certain Notes may cause such Notes to be characterised as equity of the Issuer for U.S. federal income tax purposes. Both possible characterisations are discussed below.

**Prospective investors should consult their own tax advisers regarding the appropriate characterisation of, and U.S. federal income tax and other tax consequences of investing in, the Notes.**

### **Characterisation of the Notes as Debt**

The application of the contingent payment debt instrument rules to the Notes will depend upon the specific terms of the Notes under the applicable Supplement. Where a Note is treated as a non-contingent debt instrument (and, thus, not subject to the contingent payment debt instrument rules), the following rules apply.

#### ***Payments of Interest***

Interest paid on a Note characterised as debt for U.S. federal income tax purposes, other than interest on a Discount Note that is not qualified stated interest (each as defined below under "*Original Issue Discount – General*"), will be taxable to a U.S. Holder as ordinary interest income at the time it is received or accrued, depending on the U.S. Holder's method of accounting for U.S. federal income tax purposes.

A U.S. Holder utilising the cash method of accounting for U.S. federal income tax purposes that receives an interest payment denominated in a currency other than U.S. dollars (a **Foreign Currency**) will be required to include in income the U.S. dollar value of that interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

If interest on a Note is payable in a Foreign Currency, an accrual basis U.S. Holder is required to include in income the U.S. dollar value of the amount of interest income and OID accrued on the Note during the accrual period. Such a U.S. Holder may determine the amount of the accrued interest income to be recognised in accordance with either of two methods. Under the first accrual method, the amount of income accrued will be based on the average exchange rate in effect during the accrual period or, with respect to an accrual period that spans two taxable years, the part of the period within the taxable year. Under the second accrual method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year. If the last day of the accrual period is within five business days of the date the interest payment is actually received, an electing accrual basis U.S. Holder may instead translate that interest at the exchange rate in effect on the day of actual receipt. Any election to use the second accrual method will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder and will be irrevocable without the consent of the IRS.

A U.S. Holder utilising either of the foregoing two accrual methods will recognise ordinary income or loss with respect to accrued interest income on the date of receipt of the interest payment denominated in a Foreign Currency (including a payment attributable to accrued but unpaid interest upon the sale, exchange or other disposition of a Note). The amount of ordinary income or loss will equal the difference between the U.S. dollar value of the interest payment received (determined on the date the payment is received) in respect of the accrual period and the U.S. dollar value of interest income that has accrued during that accrual period (as determined under the accrual method utilised by the U.S. Holder).

Foreign Currency received as interest on the Notes will have a tax basis equal to its U.S. dollar value at the time the interest payment is received. Gain or loss, if any, realised by a U.S. Holder on a sale, exchange or other disposition of that Foreign Currency will be ordinary income or loss and generally will be income from sources within the United States for U.S. foreign tax credit limitation purposes.

Interest income on the Notes will be treated as foreign source income for U.S. federal income tax purposes, which may be relevant in calculating a U.S. Holder's foreign tax credit limitation for U.S. federal income tax purposes. The U.S. foreign tax credit limitation is calculated separately with respect to specific classes of income. The foreign tax credit rules are complex, and U.S. Holders should consult their own tax advisers regarding the availability of a foreign tax credit and the application of the limitation in their particular circumstances.

### ***Original Issue Discount***

#### *General*

Any Class of Note specified in the relevant Supplement, other than a Note with a term of one year or less (a **Short-Term Note**), will be treated as issued at an original issue discount (**OID**), and a Note issued with an **OID**, a **Discount Note** for U.S. federal income tax purposes if the excess of the sum of all payments provided under the Note, other than **qualified stated interest** payments over the **Issue Price** of the Note is at least equal to a **De Minimis Amount** (as defined below). "Qualified stated interest" is generally interest paid on a Note that is unconditionally payable at least annually at a single fixed rate. The "Issue Price" of the Notes under an applicable Supplement will be the first price at which a substantial amount of such Notes are sold to persons other than bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers. Special rules for "Variable Rate Notes" are described below under "*Original Issue Discount – Variable Rate Notes*".

In general, if the excess of the sum of all payments provided under the Note other than qualified stated interest payments (the **Note's Stated Redemption Price at Maturity**) over its Issue Price is less than one quarter of one per cent. of the Note's Stated Redemption Price at Maturity multiplied by the number of complete years to its maturity (the **De Minimis Amount**), then such excess, if any, constitutes **De Minimis OID** and the Note is not a Discount Note. Unless the election described below under "*Original Issue Discount – OID Election*" is made, a U.S. Holder of a Note with De Minimis OID must include such De Minimis OID in income as stated principal payments on the Note are made. The includable amount with respect to each such payment will equal the product of the total amount of the Note's De Minimis OID and a fraction, the numerator of which is the amount of the principal payment made and the denominator of which is the stated principal amount of the Note.

#### *Constant-Yield Method*

A U.S. Holder will be required to include OID on a Discount Note in income for U.S. federal income tax purposes as it accrues calculated using the **Constant-Yield Method** before the actual receipt of cash attributable to that income, regardless of the U.S. Holder's method of accounting for U.S. federal income tax purposes. Under the Constant-Yield Method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID over the life of Discount Notes.

The amount of OID to be included in income by a U.S. Holder of a Discount Note under the Constant-Yield Method is the sum of the daily portions of OID with respect to the Note for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds that Note (**Accrued OID**). The daily portion is determined by allocating to each day in any accrual period a *pro rata* portion of the OID allocable to that accrual period. Accrual periods with respect to a Note may be of any length selected by the U.S. Holder and may vary in length over the term of the Note as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on either the final or first day of an accrual period.

The amount of OID allocable to an accrual period equals the excess of (a) the product of the Note's **Adjusted Issue Price** at the beginning of the accrual period and the Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period)

over (b) the sum of the payments of qualified stated interest on the Note allocable to the accrual period. The "Adjusted Issue Price" of a Note at the beginning of any accrual period is the Issue Price of the Note increased by (x) the amount of Accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments.

For the purposes of determining the amount of OID allocable to an accrual period, if an interval between payments of qualified stated interest on the Note contains more than one accrual period, the amount of qualified stated interest payable at the end of the interval (including any qualified stated interest that is payable on the first day of the accrual period immediately following the interval) is allocated *pro rata* on the basis of relative lengths to each accrual period in the interval, and the Adjusted Issue Price at the beginning of each accrual period in the interval must be increased by the amount of any qualified stated interest that has accrued prior to the first day of the accrual period but that is not payable until the end of the interval.

The amount of OID allocable to an initial short accrual period may be computed using any reasonable method if all other accrual periods other than a final short accrual period are of equal length. The amount of OID allocable to the final accrual period is the difference between (x) the amount payable at the maturity of the Note (other than any payment of qualified stated interest) and (y) the Note's Adjusted Issue Price as of the beginning of the final accrual period.

OID for any accrual period on a Note that is denominated in, or determined by reference to, a Foreign Currency will be determined in that Foreign Currency and then translated into U.S. dollars in the same manner as interest payments accrued by an accrual basis U.S. Holder, as described under "*Payments of Interest*" above. Upon receipt of an amount attributable to OID in these circumstances, a U.S. Holder may recognise ordinary income or loss.

OID on a Discount Note will be treated as foreign source income for the purposes of calculating a U.S. Holder's foreign tax credit limitation. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific classes of income. The rules relating to foreign tax credits and timing thereof are complex. U.S. Holders should consult their own tax advisers regarding the availability of a foreign tax credit in their particular situation.

#### *Acquisition Premium*

A U.S. Holder that purchases a Note for an amount less than or equal to the sum of all amounts payable on the Note after the purchase date other than payments of qualified stated interest but in excess of its Adjusted Issue Price (any such excess being **Acquisition Premium**) and that does not make the election described below under "*Original Issue Discount – OID Election*" will reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Note immediately after its purchase over the Adjusted Issue Price of the Note, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note's Adjusted Issue Price.

#### *Market Discount*

The Class of Note specified in the relevant Supplement, other than a Short-Term Note, will be treated as purchased at a market discount (a **Market Discount Note**) if it is purchased at less than the Issue Price and the Note's Stated Redemption Price at Maturity or, in the case of a Discount Note, the **Note's Revised Issue Price**, exceeds the amount for which the U.S. Holder purchased the Note by at least one quarter of one per cent. of such Note's Stated Redemption Price at Maturity or revised issue price, respectively, multiplied by the number of complete years to the Note's maturity. If such excess is not sufficient to cause the Note to be a Market Discount Note, then such excess constitutes **De Minimis Market Discount** and such Note is not subject to the rules discussed in the following paragraphs. For these purposes, the "revised issue price" of a Note generally equals its Issue Price, increased by the amount of any OID that has accrued on the Note.



Any gain recognised on the maturity or disposition of a Market Discount Note will be treated as ordinary income to the extent that such gain does not exceed the accrued market discount on such Note. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Note. Such an election will apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the IRS.

Market discount on a Market Discount Note will accrue on a straight-line basis unless the U.S. Holder elects to accrue such market discount on a Constant-Yield Method. Such an election will apply only to the Note with respect to which it is made and may not be revoked. A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently generally will be required to defer deductions for interest on borrowings allocable to such Note in an amount not exceeding the accrued market discount on such Note until the maturity or disposition of such Note.

#### *OID Election*

A U.S. Holder may elect to include in gross income all interest that accrues on a Note using the Constant-Yield Method with the modifications described below. For the purposes of this election, interest includes stated interest, OID, De Minimis OID, market discount, De Minimis Market Discount and unstated interest, as adjusted by any Amortisable Bond Premium or Acquisition Premium.

In applying the Constant-Yield Method to a Note with respect to which this election has been made, the issue price of the Note will equal its cost to the electing U.S. Holder, the issue date of the Note will be the date of its acquisition by the electing U.S. Holder, and no payments on the Note will be treated as payments of qualified stated interest. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the IRS. If this election is made with respect to a Note with Amortisable Bond Premium, then the electing U.S. Holder will be deemed to have elected to apply Amortisable Bond Premium against interest with respect to all debt instruments with Amortisable Bond Premium (other than debt instruments the interest on which is excludible from gross income) held by the electing U.S. Holder as of the beginning of the taxable year in which the Note with respect to which the election is made is acquired or thereafter acquired. The deemed election with respect to Amortisable Bond Premium may not be revoked without the consent of the IRS.

If the election to apply the Constant-Yield Method to all interest on a Note is made with respect to a Market Discount Note, the electing U.S. Holder will be treated as having made the election discussed above under "*Original Issue Discount – Market Discount*" to include market discount in income currently over the life of all debt instruments held or thereafter acquired by such U.S. Holder.

#### *Variable Rate Notes*

A **Variable Rate Note** is a Note that:

- (a) has an Issue Price that does not exceed the total non-contingent principal payments by more than the lesser of (i) the product of (x) the total non-contingent principal payments, (y) the number of complete years to maturity from the issue date and (z) 0.015, or (ii) 15 per cent. of the total non-contingent principal payments; and
- (b) does not provide for stated interest other than stated interest compounded or paid at least annually at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a **Current Value** of that rate. A "Current Value" of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

A variable rate is a "qualified floating rate" if (i) variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Note is denominated or (ii) it is equal to the product of such a rate and either (a) a fixed multiple that is greater than 0.65 but not more than 1.35, or (b) a fixed multiple greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate. If a Note provides for two or more qualified floating rates that (i) are within 0.25 percentage points of each other on the issue date or (ii) can reasonably be expected to have approximately the same values throughout the term of the Note, the qualified floating rates together constitute a single qualified floating rate. A rate is not a qualified floating rate, however, if the rate is subject to certain restrictions (including caps, floors, governors, or other similar restrictions) unless such restrictions are fixed throughout the term of the Note or are not reasonably expected to significantly affect the yield on the Note.

An "objective rate" is a rate, other than a qualified floating rate, that is determined using a single fixed formula and that is based on objective financial or economic information that is not within the control of or unique to the circumstances of the Issuer or a related party (such as dividends, profits or the value of the Issuer's stock). A variable rate is not an objective rate, however, if it is reasonably expected that the average value of the rate during the first half of the Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Note's term. An objective rate is a "qualified inverse floating rate" if (i) the rate is equal to a fixed rate minus a qualified floating rate, and (ii) the variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate.

If interest on a Note is stated at a fixed rate for an initial period of one year or less followed by either a qualified floating rate or an objective rate for a subsequent period and (i) the fixed rate and the qualified floating rate or objective rate have values on the issue date of the Note that do not differ by more than 0.25 percentage points or (ii) the value of the qualified floating rate or objective rate is intended to approximate the fixed rate, the fixed rate and the qualified floating rate or the objective rate constitute a single qualified floating rate or objective rate.

In general, if a Variable Rate Note provides for stated interest at a single qualified floating rate or objective rate, all stated interest on the Note is qualified stated interest and the amount of OID, if any, is determined under the rules applicable to fixed rate debt instruments by using, in the case of a qualified floating rate or qualified inverse floating rate, the value as of the issue date of the qualified floating rate or qualified inverse floating rate, or, in the case of any other objective rate, a fixed rate that reflects the yield reasonably expected for the Note.

If a Variable Rate Note does not provide for stated interest at a single qualified floating rate or a single objective rate and also does not provide for interest payable at a fixed rate (other than at a single fixed rate for an initial period), the amount of interest and OID accruals on the Note are generally determined by (i) determining a fixed rate substitute for each variable rate provided under the Variable Rate Note (generally, the value of each variable rate as of the issue date or, in the case of an objective rate that is not a qualified inverse floating rate, a rate that reflects the reasonably expected yield on the Note), (ii) constructing the equivalent fixed rate debt instrument (using the fixed rate substitutes described above), (iii) determining the amount of qualified stated interest and OID with respect to the equivalent fixed rate debt instrument, and (iv) making the appropriate adjustments for actual variable rates during the applicable accrual period.

If a Variable Rate Note provides for stated interest either at one or more qualified floating rates or at a qualified inverse floating rate, and in addition provides for stated interest at a single fixed rate (other than at

a single fixed rate for an initial period), the amount of interest and OID accruals are determined as in the immediately preceding paragraph with the modification that the Variable Rate Note is treated, for the purposes of the first three steps of the determination, as if it provided for a qualified floating rate (or a qualified inverse floating rate, as the case may be) rather than the fixed rate. The qualified floating rate (or qualified inverse floating rate) replacing the fixed rate must be such that the fair market value of the Variable Rate Note as of the issue date would be approximately the same as the fair market value of an otherwise identical debt instrument that provides for the qualified floating rate (or qualified inverse floating rate) rather than the fixed rate.

**Prospective purchasers should consult their own tax advisers regarding the applicability and consequences of the variable rate debt instrument rules to any of the Notes issued under the Programme.**

#### *Notes Subject to Redemption*

If the Notes are redeemable at the option of the Issuer prior to their maturity (other than upon the occurrence of a Series Event of Default) or are repayable at the option of the U.S. Holder prior to their stated maturity, such Notes may be subject to rules that are different from the general rules discussed above.

**Investors intending to purchase Notes with such features should consult their own tax advisers, as the OID consequences will depend, in part, on the particular terms and features of the purchased Notes.**

#### *Short-Term Notes*

Short-Term Notes will be treated as having been issued with OID. In general, an individual or other cash method U.S. Holder is not required to accrue such OID unless the U.S. Holder makes the election described above under "*Original Issue Discount – OID Election*". If such an election is not made, any gain recognised by the U.S. Holder on the sale, exchange or maturity of the Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis, or upon election under the Constant-Yield Method, through the date of sale or maturity, and a portion of the deductions otherwise allowable to the U.S. Holder for interest on borrowings allocable to the Short-Term Note will be deferred until a corresponding amount of income is realised. U.S. Holders who report income for U.S. federal income tax purposes under the accrual method, and certain other holders including banks and dealers in securities, are required to accrue OID on a Short-Term Note on a straight-line basis unless an election is made to accrue the OID under a Constant-Yield Method.

#### *Notes Purchased at a Premium*

A U.S. Holder that purchases a Note for an amount in excess of its principal amount may elect to treat such excess as **Amortisable Bond Premium**. If such election is made, the amount required to be included in the U.S. Holder's income each year with respect to interest on the Note will be reduced by the amount of Amortisable Bond Premium allocable (based on the Note's yield to maturity) to such year. In the case of a Note that is denominated in, or determined by reference to, a Foreign Currency, Amortisable Bond Premium will be computed in units of Foreign Currency, and Amortisable Bond Premium will reduce interest income in units of Foreign Currency. At the time Amortisable Bond Premium offsets interest income, a U.S. Holder realises exchange gain or loss (taxable as ordinary income or loss) equal to the difference between exchange rates at that time and at the time of the acquisition of the Notes. Any election to amortise bond premium will apply to all bonds (other than bonds the interest in which is excludible from gross income) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder and is irrevocable without the consent of the IRS.

### ***Sale, Exchange or Other Disposition***

A U.S. Holder's tax basis in a Note will generally equal its **U.S. Dollar Cost**, increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Note and the amount, if any, of income attributable to De Minimis OID and De Minimis Market Discount included in the U.S. Holder's income with respect to the Note (each as determined above), and reduced by the amount of any payments with respect to the Note that are not qualified stated interest payments and the amount of any Amortisable Bond Premium applied to reduce interest on the Note. The "U.S. Dollar Cost" of a Note purchased with a Foreign Currency will generally be the U.S. dollar value of the purchase price on the date of purchase or, in the case of a Note traded on an established securities market (as defined in the applicable U.S. Treasury regulations) that is purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase. A U.S. Holder will generally recognise gain or loss on the sale, exchange or other disposition of a Note in an amount equal to the difference between the amount realised on the sale, exchange or other disposition and the tax basis in the Note. The amount realised on the sale, exchange or other disposition of a Note for an amount in Foreign Currency will be the U.S. dollar value of that amount on the date of disposition or, in the case of a Note traded on an established securities market (as defined in the applicable U.S. Treasury regulations) that is sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale.

Gain or loss recognised by a U.S. Holder on the sale, exchange or other disposition of a Note that is attributable to changes in currency exchange rates will be ordinary income or loss and will consist of OID exchange gain or loss and principal exchange gain or loss. OID exchange gain or loss will equal the difference between the U.S. dollar value of the amount received on the sale, exchange or retirement of a Note that is attributable to accrued but unpaid OID as determined by using the exchange rate on the date of the sale, exchange or retirement and the U.S. dollar value of accrued but unpaid OID as determined by the U.S. Holder under the rules described above under "*Original Issue Discount*". Principal exchange gain or loss will equal the difference between the U.S. dollar value of the U.S. Holder's purchase price of the Note in Foreign Currency determined on the date of the sale, exchange or other disposition, and the U.S. dollar value of the U.S. Holder's purchase price of the Note in Foreign Currency determined on the date the U.S. Holder acquired the Note. The foregoing Foreign Currency gain or loss will be recognised only to the extent of the total gain or loss realised by the U.S. Holder on the sale, exchange or other disposition of the Note, and will generally be treated as from sources within the United States for U.S. foreign tax credit limitation purposes.

Any gain or loss recognised by a U.S. Holder in excess of any Foreign Currency gain or loss recognised on the sale, exchange or other disposition of a Note will generally be U.S.-source capital gain or loss (except to the extent such amounts are attributable to market discount, accrued but unpaid interest, or subject to the general rules governing contingent payment obligations). **Prospective investors should consult their own tax advisers with respect to the treatment of capital gains (which may be taxed at lower rates than ordinary income for taxpayers who are individuals, trusts or estates that hold the Notes for more than one year) and capital losses (the deductibility of which is subject to limitations).**

A U.S. Holder will have a tax basis in any Foreign Currency received on the sale, exchange or other disposition of a Note equal to the U.S. dollar value of the Foreign Currency at the time of the sale, exchange or other disposition. Gain or loss, if any, realised by a U.S. Holder on a sale, exchange or other disposition of that Foreign Currency will be ordinary income or loss and will generally be income or loss from sources within the United States for U.S. foreign tax credit limitation purposes.

In the event that a Series Event of Default occurs and less than the full principal amount of the Note is repaid, the character of the U.S. Holder's loss is unclear. Unless a specific Code provision applies, capital loss treatment applies only to sales or exchanges. It is possible that the Note could be treated as a worthless security, and thus the loss would be a capital loss for the holder under Section 165(g) of the Code. If the Note is not a worthless security, it could be treated as a bad debt under Section 166 of the Code in which case ordinary deduction for the loss would apply in the case of a corporate holder and short-term capital loss

deduction would apply in the case of a non-corporate holder. **U.S. Holders of Notes should consult their own tax advisers concerning the treatment of any such loss under their specific circumstances.**

### ***Contingent Payment Debt Instruments***

If a Note is treated as a contingent payment debt instrument (**CPDI**), the Treasury Regulations governing the treatment of a CPDI (the **CPDI Regulations**) would cause the timing and character of income, gain or loss reported on a CPDI to substantially differ from the timing and character of income, gain or loss reported on a non-contingent payment debt obligation under general principles of current U.S. federal income tax law. In general, the CPDI Regulations require a U.S. Holder to include future contingent and non-contingent interest payments in income as such interest accrues based upon a projected payment schedule. Moreover, in general, under the CPDI Regulations, any gain recognised by a U.S. Holder on the sale, exchange or other disposition of a CPDI will be treated as ordinary income and all or a portion of any loss realised could be treated as ordinary loss as opposed to capital loss (depending upon the circumstances).

Under the non-contingent bond method of the CPDI Regulations, for each accrual period prior to and including the maturity date of the Note, the amount of interest that accrues, as OID, equals the product of (i) the Adjusted Issue Price and (ii) the **Comparable Yield** (adjusted for the length of the accrual period). This amount is rateably allocated to each day in the accrual period and is includable as ordinary interest income by a U.S. Holder for each day in the accrual period on which the U.S. Holder holds the Note. The Adjusted Issue Price for this purpose is equal to the Note's Issue Price, increased by the interest previously accrued on the Note under the non-contingent bond method (as described above) and decreased by any non-contingent payment and the projected amount of any contingent payment previously made. The "Comparable Yield" is the annual yield that the Issuer would pay, as of the issue date, on a fixed rate debt instrument (non credit-linked) with terms equal to that of the Note. Amounts treated as interest under the foregoing rules are treated as OID for all U.S. federal income tax purposes.

Also under the non-contingent bond method of the CPDI Regulations, the Issuer would be required to determine a schedule (the **Schedule**) of the projected amounts of payments (the **Projected Payments**) on the Note. The Schedule must produce the Comparable Yield. If during any taxable year the sum of any actual payments (including the fair market value of any property received in that year) with respect to the Note for that taxable year (including, in the case of the taxable year which includes the maturity date of the Note, the amount of cash received at maturity) exceeds the total amount of the Projected Payments for that taxable year, the difference will produce a net positive adjustment, which will be treated as additional interest for the taxable year. If the actual amount received in a taxable year is less than the amount of the Projected Payments for that taxable year, the difference will produce a net negative adjustment, which will (i) reduce the U.S. Holder's interest income with respect to the Note for that taxable year and (ii) to the extent of any excess after application of (i), give rise to an ordinary loss to the extent of the U.S. Holder's interest income on the Note during the prior taxable years (reduced to the extent such interest was offset by prior net negative adjustments).

If a Series Event of Default occurs and less than the original principal amount is repaid on the Note, the loss will be treated as an ordinary loss up to the amount of interest previously included in income (reduced to the extent any interest was offset by prior net negative adjustments), and the balance will be a capital loss. All gain on the sale of a Note treated as a CPDI is treated as interest income.

**Prospective purchasers should consult their own tax advisers regarding the applicability and consequences of the CPDI rules to any of the Notes issued under the Programme.**

## Characterisation of the Notes as Equity

### *Distributions*

Subject to the rules for passive foreign investment companies discussed below, the gross amount of any distribution by the Issuer of cash or property (including any amounts withheld in respect of any applicable withholding tax, but not including certain distributions, if any, of Equity Interests distributed *pro rata* to all shareholders of the Issuer) with respect to an Equity Interest of the Issuer will be taxable to a U.S. Holder as a dividend to the extent of the current and accumulated earnings and profits of the Issuer (computed based on U.S. federal income tax principles). The U.S. Holder will not be eligible for any dividends received deduction in respect of the dividend otherwise allowable to corporations. Distributions in excess of earnings and profits will be non-taxable to the U.S. Holder to the extent of, and will be applied against and reduce, the U.S. Holder's adjusted tax basis in the Equity Interests. Distributions in excess of earnings and profits and such adjusted tax basis will be taxable to the U.S. Holder as capital gain from the sale or exchange of property. The Issuer does not currently intend to maintain calculations of its earnings and profits under U.S. federal income tax principles. If an issuer does not report to a U.S. Holder the portion of a distribution that exceeds earnings and profits for U.S. federal income tax purposes, the distribution will generally be taxable as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. The amount of any distribution of property other than cash will be the fair market value of that property on the date of distribution. Dividends paid by the Issuer will not be eligible for the reduced income tax rate applicable to certain U.S. non-corporate shareholders that receive "qualified dividends" paid by U.S. corporations and "qualified foreign corporations".

Dividends received by a U.S. Holder with respect to an Equity Interest in the Issuer will be treated as foreign source income for the purposes of calculating that holder's foreign tax credit limitation. Subject to certain conditions and limitations, foreign country income tax withheld on dividends may be deducted from taxable income or credited against a U.S. Holder's U.S. federal income tax liability. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific classes of income. The rules relating to foreign tax credits and the timing thereof are complex. U.S. Holders should consult their own tax advisers regarding the availability of a foreign tax credit under their particular situation.

### *Sale, Exchange or other Disposition of a Note Treated as Equity*

In the case where a Note is treated as an Equity Interest in the Issuer for U.S. federal income tax purposes, a U.S. Holder generally will recognise capital gain or loss on the sale or exchange (including a redemption) of the Note equal to the difference between the amount realised on that sale or exchange and the U.S. Holder's adjusted tax basis in the Note. Such gain or loss will be capital gain or loss and will generally be treated as from sources within the United States. **U.S. Holders should consult their own tax advisers with respect to the treatment of capital gains (which may be taxed at lower rates than ordinary income for taxpayers who are individuals, trusts or estates that hold the Notes for more than one year) and capital losses (the deductibility of which is subject to limitations).**

The redemption of the Notes will be treated as a sale of the redeemed Notes by the U.S. Holder (which is taxable as described in this section under "*Sale, Exchange or other Disposition of a Note Treated as Equity*") or, in certain circumstances, as a distribution to the U.S. Holder (which is taxable as described under "*Distributions*").

### *Status of the Issuer as a PFIC*

The Issuer will be treated as a passive foreign investment company (**PFIC**) for U.S. federal income tax purposes. U.S. Holders of Equity Interests in the Issuer (**PFIC stock**), other than such U.S. Holders that make a timely "qualified electing fund" election will be subject to special rules applicable to PFIC stock.

A U.S. Holder of PFIC stock will be required to allocate to each day in its holding period with respect to the PFIC stock a *pro rata* portion of any distribution received on the PFIC stock which is treated as an **Excess Distribution** (generally, any distribution received by the U.S. Holder on the PFIC stock in a taxable year that is greater than 125 per cent. of the average annual distributions received by the U.S. Holder in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the PFIC stock). Any amount of an Excess Distribution (which term includes gain on the sale of stock) treated as allocable to a prior taxable year is subject to U.S. federal income tax at the highest applicable rate of the year in question, plus an interest charge on the amount of tax deemed to be deferred. For the foregoing purposes, a U.S. Holder who uses PFIC stock as security for a loan will be treated as having disposed of such PFIC stock. A U.S. Holder of PFIC stock will generally be subject to similar rules with respect to distributions to the Issuer by, and dispositions by the Issuer of the stock of, any of its direct or indirect subsidiaries that are also PFICs.

#### *QEF Election*

A U.S. Holder of an Equity Interest in the Issuer may avoid the consequences described above by timely making a qualified electing fund election (the **QEF election**). A U.S. Holder that makes this election will be required in each taxable year to include (a) as long-term capital gain its *pro rata* share of the Issuer's net capital gain (i.e., the excess of net long-term capital gain over net short-term capital loss for the Issuer's taxable year ending with or within the U.S. Holder's taxable year) and (b) as ordinary income its *pro rata* share of the Issuer's ordinary earnings (i.e., the excess of current earnings and profits for such taxable year of the Issuer over such net capital gain), regardless of whether the Issuer distributes such amounts to the U.S. Holder. For these purposes, a U.S. Holder's *pro rata* share of the Issuer's ordinary income and net capital gain is the amount which would have been distributed with respect to the U.S. Holder's Equity Interest if, on each day during the taxable year of the Issuer, the Issuer had distributed to each Holder of an Equity Interest a *pro rata* share of that day's rateable share of the Issuer's ordinary earnings and net capital gain for such year. A U.S. Holder will not be eligible for the dividends received deduction in respect of such income or gain. In addition, any losses of the Issuer in a taxable year will not be available to the U.S. Holder and may not be carried back or forward in computing the Issuer's ordinary earnings and net capital gain in other taxable years. If the Issuer distributes the income or gain that was previously included in the U.S. Holder's gross income, such distributions will be non-taxable to the U.S. Holder. For the purposes of determining gain or loss on the disposition (including redemption or retirement) of PFIC stock, a U.S. Holder's initial tax basis in the PFIC stock (i.e., the U.S. Holder's cost for the PFIC stock) will be increased by the amount so included in gross income with respect to the PFIC stock and decreased by the amount of any non-taxable distributions on the PFIC stock. In general, a U.S. Holder making a timely QEF election will recognise, on the sale or disposition (including redemption and retirement) of PFIC stock, capital gain or loss equal to the difference, if any, between the amount realised upon such sale or disposition and its adjusted tax basis in such stock. Such capital gain or loss will be long-term if the U.S. Holder held the stock for more than one year on the date of disposition.

The QEF election is effective only if certain required information is made available by the Issuer. There can be no assurance that such information will be made available or presented by the Issuer that would be necessary in order for a U.S. Holder to make a QEF election with respect to PFIC stock of such Issuer.

#### *Information Reporting Requirements*

Under U.S. federal income tax law and regulations, certain categories of U.S. persons must file information returns with respect to their investment in the Equity Interests of a foreign corporation. **U.S. Holders should consult their own tax advisers regarding any U.S. federal income tax information reporting requirements that are attributable to such U.S. Holder's ownership of the Notes.**

**Prospective purchasers should consult their own tax advisers regarding whether an investment in a Note will be treated as an investment in PFIC stock and the consequences of an investment in a PFIC.**

## **Taxation of Non-U.S. Holders of the Notes**

Subject to the backup withholding rules discussed below, a Non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax on any payments on a Note or gain from the sale, exchange or other disposition of a Note unless: (i) that payment or gain is effectively connected with the conduct by that Non-U.S. Holder of a trade or business within the United States; (ii) in the case of any gain realised on the sale, exchange or other disposition of a Note by an individual Non-U.S. Holder, that holder is present in the United States for 183 days or more in the taxable year of the sale, exchange or other disposition and certain other conditions are met; or (iii) the Non-U.S. Holder is subject to tax pursuant to provisions of the Code applicable to certain U.S. expatriates. **Non-U.S. Holders should consult their own tax advisers regarding the U.S. federal income and other tax consequences of purchasing, owning and disposing of Notes.**

## **IRS Disclosure Reporting Requirements**

Certain U.S. Treasury Regulations relating to section 6011 of the Internal Revenue Code (the **Disclosure Regulations**) meant to require the reporting of certain tax shelter transactions (**Reportable Transactions**) could be interpreted to cover transactions generally not regarded as tax shelters. Under the Disclosure Regulations, it may be possible that certain transactions with respect to the Notes may be characterised as Reportable Transactions requiring a holder of Notes to disclose such transaction, such as a sale, exchange, retirement or other taxable disposition of a Note that results in a loss that exceeds certain thresholds and other specified conditions are met. Prospective investors in the Notes should consult with their own tax advisers to determine the tax return obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Statement).

## **Backup Withholding and Information Reporting**

Backup withholding and information reporting requirements may apply to certain payments on the Notes and proceeds of the sale, exchange or other disposition of the Notes to U.S. Holders. A U.S. Holder may be subject to backup withholding if it fails to furnish (usually on IRS Form W-9) the U.S. Holder's taxpayer identification number, to certify that such U.S. Holder is not subject to backup withholding, or to otherwise comply with the applicable requirements of the backup withholding rules. Certain U.S. Holders (including, among others, corporations) are not subject to the backup withholding and information reporting requirements. Non-U.S. Holders may be required to comply with applicable certification procedures (usually on IRS Form W-8BEN) to establish that they are not U.S. Holders in order to avoid the application of such information reporting requirements and backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder generally may be refunded or claimed as a credit against such U.S. Holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. **Prospective investors in the Notes should consult their own tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.**

**THE U.S. FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON A HOLDER'S PARTICULAR SITUATION. PROSPECTIVE INVESTORS IN THE NOTES SHOULD CONSULT THEIR OWN TAX ADVISERS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN FEDERAL OR OTHER TAX LAWS.**



## UNITED STATES ERISA CONSIDERATIONS

The United States Employee Retirement Income Security Act of 1974, as amended (**ERISA**), and Section 4975 of the Code impose certain restrictions on (a) employee benefit plans subject to the prohibited transaction provisions of ERISA, (b) plans described in Section 4975(e)(1) of the Code, including individual retirement accounts or Keogh plans, or (c) any entities whose underlying assets include plan assets by reason of a plan's investment in such entities (each a **Benefit Plan**), and persons who have certain specified relationships to such Benefit Plans under ERISA and disqualified persons under the Code (collectively, **Parties in Interest**). An insurance company's general account may be deemed to include assets of the Benefit Plans that invest in such account (e.g. through the purchase of a certain type of annuity contract), in which case the insurance company would be treated as a Party in Interest with respect to the investing Benefit Plan by virtue of such investment. ERISA also imposes certain duties on persons who are fiduciaries of Benefit Plans subject to ERISA and prohibits certain transactions between a Benefit Plan and Parties in Interest with respect to such Benefit Plan.

The United States Department of Labor (**DOL**) has issued a regulation (29 C.F.R. 2510.3-101), as modified by ERISA, concerning when the assets of a Benefit Plan will be considered to include the assets of an entity in which the Benefit Plan invests (the **Plan Asset Regulation**). This regulation provides that, as a general rule, the underlying assets and properties of corporations, partnerships, trusts and other entities in which a Benefit Plan purchases an "Equity Interest" will be deemed for purposes of ERISA to be assets of the investing Benefit Plan unless certain exceptions apply.

The Plan Asset Regulation defines an **Equity Interest** as any interest in an entity other than indebtedness under applicable local law which has no substantial equity features. By reason of the form of the Notes in respect of a Series and the probability of payment of principal and interest thereon (as evidenced by the ratings assigned to the Notes in respect of a Series by the rating agencies), the Issuer will not treat the Notes in respect of a Series offered hereby as Equity Interests for purposes of the Plan Asset Regulation.

Even assuming that the Notes in respect of the relevant Series will not be treated as Equity Interests under the Plan Asset Regulation, it is possible that an investment in such Notes in respect of the relevant Series by a Benefit Plan (or with the use of the assets of a Benefit Plan) could be treated as a prohibited transaction under ERISA or Section 4975 of the Code (e.g. the sale of the Notes in respect of the relevant Series or the extension of credit pursuant to the Notes in respect of the relevant Series). Such transaction however, may be subject to a statutory or administrative exemption, including Prohibited Transaction Class Exemption (**PTCE**) 90-1, which exempts certain transactions involving insurance company pooled separate accounts; PTCE 95-60, which exempts certain transactions involving insurance company general accounts; PTCE 91-38, which exempts certain transactions involving bank collective investment funds; PTCE 84-14, which exempts certain transactions effected on behalf of a Benefit Plan by a **Qualified Professional Asset Manager**; and PTCE 96-23, which exempts certain transactions effected on behalf of a Benefit Plan by an **In-House Asset Manager**. Such exemptions may not, however, apply to all of the transactions that could be deemed prohibited transactions in connection with an investment by a Benefit Plan.

Subject to the last paragraph of this section, each purchaser of the Notes in respect of the relevant Series will be deemed to have represented and agreed that (i) either it is not purchasing or holding such Notes in respect of the relevant Series with the assets of any Benefit Plan or that one or more exemptions applies such that the use of such assets will not result in a prohibited transaction under ERISA or Section 4975 of the Code, and (ii) with respect to transfers, it will either not transfer such Notes in respect of the relevant Series to a transferee purchasing such Notes in respect of the relevant Series with the assets of any Benefit Plan, or one or more exemptions applies such that the use of such assets will not result in a prohibited transaction.

Benefit Plans that are governmental plans (as defined in section 3(32) ERISA and certain church plans as defined in section 3(33) ERISA) are not subject to requirements of ERISA or section 4975 of the Code but

may be subject to other federal state or local laws substantively similar to section 406 of ERISA or 4975 of the Code.

Unless otherwise specified in an applicable Supplement, no Notes may be acquired by or on behalf of a Benefit Plan (including, for this purpose, by an insurance company general account whose assets are deemed to include Benefit Plan assets).

## **UNITED STATES LEGAL INVESTMENT CONSIDERATIONS**

None of the Notes in respect of a Series will constitute mortgage related securities under the United States Secondary Mortgage Market Enhancement Act of 1984, as amended.

No representation is made as to the proper characterisation of the Notes in respect of a Series for legal investment purposes, financial institution regulatory purposes, or other purposes, or as to the ability of particular investors to purchase the Notes in respect of a Series under applicable legal investment restrictions. These uncertainties may adversely affect the liquidity of the Notes. Accordingly, all institutions whose investment activities are subject to legal investment laws and regulations, regulatory capital requirements or review by regulatory authorities should consult with their legal advisors in determining whether and to what extent the Notes in respect of a Series constitute legal investments or are subject to investment, capital or other restrictions.

## SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

Pursuant to a programme agreement (as the same may be amended and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated on or about the Programme Date, the Programme Arranger and the Issuer have agreed a basis upon which Dealers in respect of a Series (as specified in the relevant Supplement) may agree to subscribe for Notes of a Series. Any such agreement for any particular purchase by a Dealer will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*" above.

The Issuer may pay the Dealers commissions from time to time in connection with the sale of any Notes. In the Programme Agreement, the Issuer has agreed to reimburse and indemnify the Programme Arranger and the Dealers for certain of their expenses and liabilities in connection with the establishment and any future updates of the Programme and the issue of Notes under the Programme, as applicable. The Dealers are entitled to be released and discharged from their obligations in relation to any agreement to purchase Notes under the Programme Agreement in certain circumstances prior to payment to the Issuer. Any Series MERCs and Series Residuals will be sold directly to a Series Portfolio Seller or any other party identified in the relevant Supplement and will not be subject to the arrangements under the Programme Agreement.

### Transfer Restrictions

*As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes.*

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or vice versa, will be required to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (a) that either: (i) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (ii) it is outside the United States, is not a U.S. person and is not purchasing (or holding) the Notes for the account or benefit of a U.S. person;
- (b) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any applicable U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons except as set forth in this section;
- (c) that the Issuer does not have any obligation to register the Notes under the Securities Act;
- (d) that, unless it holds an interest in a Reg S Note and is a person located outside the United States or that it is not a U.S. person and is not holding the Notes for the account or benefit of a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interest in the Notes, it will do so prior to the date which is two years after the last Issue Date for the Series only (i) to the Issuer, (ii) inside the United States to a person whom the seller reasonably believes is a QIB purchasing the Notes for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the United States in compliance with Rule 903 or 904 under the Securities Act, (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;

- (e) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in (d) above, if then applicable;
- (f) that Notes initially offered in the United States to QIBs (if any) will be represented by one or more Rule 144A Global Notes, and that Notes initially offered outside the United States in reliance on Regulation S (if any) will be represented by one or more Reg S Global Notes;
- (g) that the Notes represented by a Rule 144A Global Note (if any) and any Notes that were so represented prior to conversion into definitive form will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THIS SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT IN ACCORDANCE WITH THE SERIES AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE **SERIES AGENCY AGREEMENT**) AND, PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM A SERIES PORTFOLIO SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE SERIES AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDER OF SUCH SECURITY SENT TO ITS REGISTERED ADDRESS, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY

AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT A SERIES PORTFOLIO SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A";

- (h) if it is a person located outside the United States, is not a U.S. person and is not holding the Notes for the account or benefit of a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the Issue Date, it will do so only (a)(i) outside the United States to a non-U.S. person that is not holding the Notes for the account or benefit of a U.S. person, in compliance with Rule 903 or 904 under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Notes represented by a Reg S Global Note (if any) or that were so represented prior to conversion into definitive form will bear a legend to the following effect unless otherwise agreed by the Issuer:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR ANY APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE SERIES AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE **SERIES AGENCY AGREEMENT**) AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. UNTIL THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE ISSUE DATE, SALES MAY NOT BE MADE IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS UNLESS MADE (I) PURSUANT TO RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (II) TO "QUALIFIED INSTITUTIONAL BUYERS" AS DEFINED IN, AND IN TRANSACTIONS PURSUANT TO, RULE 144A UNDER THE SECURITIES ACT."; and

- (i) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations or agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account.

No sale of Rule 144A Notes in the United States to any one purchaser will be for less than U.S.\$500,000 (or the approximate equivalent in another Specified Currency) principal amount of Rule 144A Notes.

Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Rule 144A Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. To the extent that the Issuer is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Issuer has agreed to furnish to holders of Rule 144A Notes and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

## **Selling Restrictions**

### ***United States***

Each Dealer appointed under the Programme Agreement will be required to acknowledge, that the Notes have not been and will not be registered under the Securities Act and Notes may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or in transactions not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S, each Dealer has represented and agreed, and each further Dealer appointed under the Programme Agreement will be required to represent and agree, that it will not offer or sell or deliver any such Note (a) as part of its distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, in the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act including the prohibition on directed selling efforts in the United States under Rule 903(a)(2) of Regulation S. Each Dealer has further agreed, and each further Dealer appointed under the Programme Agreement will be required to agree, that it will send to each dealer to which it sells any such Note during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of such Note within the United States or to, or for the account or benefit of, U.S. persons. Until 40 days after the commencement of the offering of a Tranche of Notes, an offer or sale of any such Note within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Programme Agreement provides that selected Dealers, through their selling agents which are registered broker-dealers in the United States, may resell Notes in the United States to QIBs pursuant to Rule 144A under the Securities Act.

Each Dealer appointed under the Programme Agreement will be required to represent and agree in respect of transactions under Rule 144A, that it has not (and will not), nor has (nor will) any person acting on its behalf, (a) made offers or sales of any security, or solicited offers to buy, or otherwise negotiated in respect of, any security, under circumstances that would require the registration of the Notes under the Securities Act; or (b) engaged in any form of general solicitation or general advertising (within the meaning of Rule 502(c) under the Securities Act) in connection with any offer or sale of Notes in the United States.

The Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

### ***United Kingdom***

Each Dealer appointed under the Programme Agreement 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 FSMA by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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, in the case of the Issuer, would not, if it were not an authorised person, apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### ***Ireland***

Each Dealer under the Programme Agreement has agreed that:

- (a) it will not underwrite the issue of, or place the Notes, otherwise than in conformity than with the provisions of the Irish Investment Intermediaries Act 1995 (as amended), including, without limitation, Sections 9 and 23 thereof and any codes of conduct rules made under Section 37 thereof and the provisions of the Investor Compensation Act 1998;
- (b) it will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Irish Central Bank Acts 1942 - 1999 (as amended) and any codes of conduct rules made under Section 117(1) thereof; and
- (c) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Irish Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued by the Financial Regulator pursuant thereto.

### ***General***

Each Dealer appointed under the Programme Agreement will be required to represent and 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 Offering Circular 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 none of the Issuer, any Series Note Trustee, the Security Trustee nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Series Note Trustee, the Security Trustee nor any of the Dealers will represent 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 such sale.

With regard to each Tranche, the relevant Dealer(s) will be required to comply with such other restrictions as the Issuer and the relevant Dealer(s) shall agree as a term of issue and purchase as indicated in the relevant Supplement.



## GENERAL INFORMATION

### Authorisation

The establishment of the Programme and the issue of Notes have been duly authorised by a resolution of the board of directors of the Issuer dated on or about 11 June 2007.

### Listing of Notes

Application has been made to the Financial Regulator for the Offering Circular to be approved. It is expected that each Tranche of Notes which is to be admitted to the Official List of the Irish Stock Exchange will be admitted separately as and when issued, subject only to the issue of a Global Note, initially representing the Notes of such Tranche. The listing of the Notes of such Tranche will be cancelled if the Global Notes are not issued. Transactions will normally be effected for settlement in Sterling and for delivery on the third working day after the day of the transaction. The estimated cost of the applications for admission to the Official List and admission to trading on the Irish Stock Exchange's market for listed securities is €5,500. Application has been made to the Irish Stock Exchange for Notes issued under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to trading on the Irish Stock Exchange's regulated market for listed securities. The listing of the Programme in respect of Notes is expected to be granted on or about 18 June 2007.

### Documents Available

While any Notes issued pursuant to this Offering Circular are outstanding, copies of the following documents will, when published, be available and may be inspected by physical means from the specified offices of the Series Paying Agents for the time being in London and in Dublin:

- (a) the Memorandum and Articles of Association of the Issuer;
- (b) the Series Performance Report posted on the website of the Issuer prior to the end of each month following each Distribution Date;
- (c) the forms of the Global Notes, the Definitive Notes, the Coupons and the Talons (as applicable);
- (d) a copy of this Offering Circular;
- (e) any future offering circulars, prospectuses, information memoranda and supplements including the Supplement (save that a Supplement relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Series Principal Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference; and
- (f) each Programme Document.

### Clearing Systems

The Notes will be accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Supplement. In addition, the Issuer may make an application for any

Registered Global Notes to be accepted for trading in book entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Notes cleared through DTC, together with the relevant ISIN and Common Code, will be specified in the applicable Supplement. Euroclear, Clearstream, Luxembourg and DTC are the entities in charge of keeping the records, as applicable. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Supplement.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg and the address of DTC is 55 Water Street, New York, New York 10041-0099.

### **Conditions for determining price**

The price and amount of Notes in each Series to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

### **Significant or Material Change**

Since 2 March 2007 (being the date of incorporation of the Issuer) there has been (a) no significant change in the financial or trading position of the Issuer and (b) no material adverse change in the financial position or prospects of the Issuer.

### **Litigation**

The Issuer is not nor has it been involved in any governmental, legal or arbitration proceedings which may have or have had in the 12 months prior to the date hereof a significant effect on the financial position or profitability of the Issuer nor, so far as the Issuer is aware, are any such proceedings pending or threatened.

### **Reports**

The Series Trust Deed provides that the Series Note Trustee may rely on reports or other information from professional advisers or other experts in accordance with the provisions of the Series Trust Deed, whether or not any such report or other information, or engagement letter or other document entered into by the Series Note Trustee and the relevant person in connection therewith contains any monetary or other limit on the liability of the relevant person.

### **Post Issuance Reporting**

The Issuer intends to provide post-issuance transaction information in relation to each issue of Notes unless otherwise specified in the relevant Supplement. See "*Transaction Documents – Series Cash Management Agreement – Series Performance Report*".

## GLOSSARY

<b>\$, U.S.\$ or U.S. dollars</b>	the lawful currency for the time being of the United States of America
<b>£ or Sterling</b>	the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland
<b>€, Euro or euro</b>	the lawful currency for the time being of the Member States of the European Union that have adopted or may adopt the single currency introduced at the start of the third stage of European Economic Monetary Union pursuant to the Treaty of Rome of 25th March, 1957, as amended by, <i>inter alia</i> , the Single European Act of 1986 and the Treaty of European Union of 7 February, 1992 and the Treaty of Amsterdam of 2 October, 1997 establishing the European Community
<b>29 C.F.R. § 2510.3-101</b>	U.S. Department of Labor Regulations § 2510.3-101
<b>1925 Act</b>	Law of Property Act 1925
<b>1970 Act</b>	Conveyancing and Feudal Reform (Scotland) Act 1970
<b>1999 Regulations</b>	<i>Unfair Terms in Consumer Contracts Regulations 1999</i>
<b>Accrual Period</b>	the period from (and including) the most recent Distribution Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date
<b>Accrued Interest</b>	in relation to a Loan as at any date, interest accrued but not yet due and payable on the Loan
<b>Accrued OID</b>	with respect to a Discount Note, the sum of the daily portions of OID for each day during the taxable year or portion of the taxable year on which a U.S. Holder holds that Discount Note
<b>Acquisition Premium</b>	with respect to the purchase of Notes, payments of qualified stated interest in excess of such Notes Adjusted Issue Price
<b>Actual Redemption Funds</b>	has the meaning given to it in the relevant Supplement
<b>Additional Business Centre</b>	has the meaning given to it in the relevant Supplement
<b>Additional Financial Centre</b>	has the meaning given to it in the relevant Supplement
<b>Adjusted Issue Price</b>	the Issue Price of a Note increased by (x) the amount of Accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Note that were not qualified stated interest payments
<b>Administration Terms</b>	the administration terms dated on or about the Programme Date signed by the Issuer and the Security Trustee for the purposes of identification
<b>Affordability Loan Product</b>	a mortgage loan based on affordability rather than income multiples

<b>Agency Terms</b>	the agency terms dated on or about the Programme Date signed by the Issuer and the Security Trustee for the purposes of identification
<b>Amortisable Bond Premium</b>	the amount in excess of a Note's principal amount
<b>Arrears</b>	all payments of principal and interest (including, for the avoidance of doubt, a Series Portfolio Seller's right to receive arrears sums) which were due and owing by the relevant Borrowers but unpaid (i) on the Initial Loans as of the relevant Issue Date and (ii) on the Prefunded Loans as of the relevant Prefunding Acquisition Date, as applicable
<b>Assigned Rights</b>	in relation to a Loan in a Series Portfolio, all right, title, interest, benefit and obligations of the Issuer in and to the relevant Loan in that Series Portfolio (including the Mortgages and Collateral Security relating thereto) and any other collateral rights or security, which were sold by a Series Portfolio Seller to the Issuer pursuant to the Portfolio Purchase Terms
<b>Assignment of Insurance Contracts</b>	any assignment of Insurance Contracts to be executed in relation to a Series Portfolio or any Substitute Loan, pursuant to the relevant Series Portfolio Purchase Agreement
<b>AUDDIS</b>	Automated Unpaid Direct Debit Information System
<b>Authorised Investments</b>	investments with a short term, unsecured, unguaranteed and unsubordinated rating of at least P-1 from Moody's, A-1+ from S&P and F1+ from Fitch or, with the consent of S&P and Fitch, the equivalent rating from another internationally recognised rating agency, provided that such investments mature on or prior to the Distribution Date in respect of that Series on which the cash represented by such investments is required by the Issuer
<b>Available Capital Funds</b>	in respect of a Series, on any day during a Determination Period (including on a Determination Date), an amount represented by the amount standing to the credit of the relevant Series Principal Ledger at the close of business on the preceding day, less if such day falls in the period between the last Business Day of the month immediately preceding a Determination Date and the application of Actual Redemption Funds in respect of such Series (as defined in the relevant Supplement), (a) any commitments to purchase Substitute Loans on the immediately succeeding Distribution Date and (b) the amount of the Actual Redemption Funds calculated on the relevant Determination Date
<b>Available Revenue Funds</b>	has the meaning given to it in the relevant Supplement
<b>BACS</b>	Bankers Automated Clearing System
<b>Balance</b>	in relation to any Loan and on any date, the original principal amount advanced to the Borrower plus any other disbursement, legal expenses, fee, charge or premium capitalised and added to the amounts secured by the relevant Mortgage in accordance with the conditions of the Loan on or prior to such date (including, for the avoidance of doubt, capitalised

interest) plus, in relation to a Loan and the Mortgage relating thereto, any advance of further moneys to the Borrower thereof on the security of the relevant Mortgage after the date of completion of such Loan (including advances of any Retention) less any repayments of such amounts

<b>Bank Account Terms</b>	bank account terms dated on or about the Programme Date signed by the Issuer and the Security Trustee for the purposes of identification
<b>Bank Rate</b>	the official Bank Rate of the Bank of England payable on commercial bank reserves
<b>Basel II Framework</b>	the capital adequacy standards for international banks published by the Basel Committee on Banking Supervision on 14 November 2005 under the title " <i>Basel II: International Convergence of Capital Measurement and Capital Standards: a Revised Framework</i> "
<b>Base Prospectus</b>	this base prospectus dated 13 June 2007
<b>BBR Rate</b>	a variable rate of interest which is linked to the Bank Rate plus a margin
<b>BBR Loan</b>	a Loan under the terms of which the interest rate payable is linked to the BBR Rate and is reset in accordance with changes in the Bank Rate
<b>Basic Terms Modification</b>	as further defined in and for the purposes of each Series Trust Deed, includes, but is not limited to, a modification to the date of maturity of the Notes of the relevant Class or a modification which would have the effect of postponing any day for payment of interest in respect of such Notes (other than in respect of the deferral of interest on such Notes which is provided for in the Conditions), the reduction or cancellation of the amount of principal payable in respect of such Notes or any alteration of the priority of such Notes
<b>Bearer Definitive Notes</b>	any Definitive Note in bearer form
<b>Bearer Global Note</b>	Bearer Notes represented by a temporary or permanent global Note
<b>Bearer Notes</b>	any Notes in bearer form
<b>Benefit Plan</b>	(a) an employee benefit plan (as defined in Section 3(3) of ERISA) which is subject to ERISA, (b) a plan described in Section 4975(e)(1) of the Internal Revenue Code or (c) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity under 29 C.F.R. § 2510.3-101, as modified by ERISA
<b>BO</b>	bankruptcy order or its Scottish or Northern Irish equivalent
<b>Book-Entry Interests</b>	a record of the beneficial interests in the Global Notes maintained by each of DTC, Euroclear and Clearstream, Luxembourg
<b>Borrower</b>	in relation to a Loan, the individual or individuals specified as such in the relevant Mortgage together with the individual or individuals (if any) from time to time assuming an obligation to repay such Loan or any part

	of it
<b>Broken Amount</b>	has the meaning given to it in the relevant Supplement
<b>Business Day</b>	(i) a day on which commercial banks and foreign exchange markets settle payments in London and (ii) a day on which the TARGET system is operating
<b>Business Day Convention</b>	has the meaning given to it in the relevant Supplement
<b>Buy to Let Loans</b>	Loans to Borrowers who wish to purchase or remortgage residential property for the purpose of letting to third parties
<b>Calculation Agent</b>	in respect of the Notes of any Series, has the meaning given to it in the ISDA Definitions
<b>Cash Management Terms</b>	cash management terms dated on or about the Programme Date signed by the Issuer and the Security Trustee for the purposes of identification
<b>CCA</b>	Consumer Credit Act 1974, as amended
<b>CCA 2006</b>	Consumer Credit Act 2006, as amended
<b>CCJ</b>	county court judgment or its Scottish or Northern Irish equivalent
<b>Certificate of Title</b>	a solicitor's or licensed conveyancer's or qualified conveyancer's report or certificate of title obtained by or on behalf of a Series Portfolio Seller or any relevant originator in respect of each Property
<b>Certificates</b>	the MERCs and the Residuals, or any of them and, unless expressly stated to the contrary, all the references in the Transaction Documents applicable to a Series to a Certificate shall be a reference to such Certificate whether in global, bearer or definitive form
<b>CGT</b>	an allowable loss for the purposes of United Kingdom taxation of chargeable gains
<b>Charged Property</b>	all assets of the Issuer which are the subject of any security created by or pursuant to the Security Deed
<b>Class</b>	a group of Notes which are identical in all respects (including as to listing)
<b>Clearing Systems</b>	Euroclear and/or Clearstream, Luxembourg and any additional or alternative clearing system as is approved by the Issuer, the Series Principal Paying Agent and the applicable Series Note Trustee or as may otherwise be specified in the applicable Supplement
<b>Clearstream, Luxembourg</b>	Clearstream Banking, société anonyme or its successors
<b>Code</b>	U.S. Internal Revenue Code of 1986
<b>Collateral Security</b>	in relation to any Loan in a Series Portfolio:

- (a) the benefit of all Deeds of Consent and MHA Documentation or CP Documentation (including any priority conferred by them);
- (b) all Insurance Contracts (including all benefits in respect thereof, all returns of premia thereunder and all rights and claims to which the Issuer may be or become entitled in relation to the proceeds of any such insurance) insofar as they relate to any Property the subject of any Mortgage or Loan;
- (c) all Life Policies (if any);
- (d) (to the extent assignable without the consent of the relevant counterparty) all causes and rights of action (whether assigned to the Issuer or otherwise) against any valuer, licensed or qualified conveyancer, solicitor, the Land Registries and/or any other person in connection with any report (including each Report on Title), valuation (including each Valuation Report), opinion, certificate, consent or other statement of fact or opinion given in connection with any Loan or Mortgage or its other collateral security;
- (e) the right to exercise all the powers of a Series Portfolio Seller in relation to each Loan, Mortgage and its other Collateral Security;
- (f) any other security (in addition to the Mortgage) securing such Loan, including without limitation, any Guarantee, any policies in respect of which the interest of a Series Portfolio Seller may be given effect to by way of co-insurance or the notifying of a Series Portfolio Seller's interest and any other assignment, assignation, notification or deposit which may be effected with the securing of the relevant Loan and any Bond proceeds thereon; and
- (g) any Mortgage with respect to such Loan

**Committed Further Advances**

on any Determination Date in respect of a Series, the aggregate of (a) the amount of Further Advances which the Issuer is committed, subject to compliance with applicable laws and regulations, to advancing to the Series Portfolio Seller (but has not yet advanced) as at the relevant Determination Date and (b) the amount, advised to the Issuer by the Series Administrator, which the Issuer anticipates will be required for future (but uncommitted) Further Advances, such amount (in respect of this item (b) only) not to be greater than the amount specified in the relevant Supplement in respect of a Series

**Common Depositary**

the common depositary for Euroclear and Clearstream, Luxembourg

**Common Safekeeper**

the common safekeeper elected by the relevant Series Principal Paying Agent pursuant to the relevant Series Agency Agreement and as identified in the relevant Supplement in respect of a Series

<b>Comparable Yield</b>	the annual yield that the Issuer would pay, as of the issue date, on a fixed rate debt instrument (non credit linked) with terms equal to that of the Note
<b>Completion</b>	in relation to the Initial Loans in a Series Portfolio, the sale and purchase thereof and implementation of the other matters provided for in the Portfolio Purchase Terms, in relation to the Prefunded Loans in a Series Portfolio, the sale and purchase thereof and implementation of the other matters provided for in the Portfolio Purchase Terms and in relation to the Substitute Loans, the sale and purchase thereof and implementation of the other matters provided for in the Portfolio Purchase Terms
<b>Conditions</b>	the Terms and Conditions of the Notes
<b>Constant-Yield Method</b>	the method for calculating the OID to be amortised on a Discount Note for U.S. federal taxes purposes, as further described in " <i>United States Federal Income Taxation – Characterisation as Debt – Original Issue Discount – Constant-Yield Method</i> "
<b>Converted Loan</b>	a Loan which has been converted into another type of mortgage product at the request of the Borrower and pursuant to approval by a Series Administrator
<b>Corporate Services Provider</b>	Structured Finance Management Limited
<b>Coupons</b>	the bearer interest coupons appertaining to the Bearer Definitive Notes or, as the context may require, a specific number thereof and includes any replacements for Coupons issued pursuant to the Conditions in respect of a Series
<b>Couponholders</b>	the holders of the Coupons and, unless the context otherwise requires, the holders of the Talons
<b>Coupon Stripping</b>	when Global Detachable Coupons are separated from the Bearer Global Notes to which they are attached by crediting to the Euroclear or Clearstream, Luxembourg account (as the case may be) of the purchaser(s) of such Global Detachable Coupons a notional amount equal to the principal amount of the Bearer Global Notes from which the Global Detachable Coupons were separated
<b>CPDI</b>	contingent payment debt instrument
<b>CPDI Regulations</b>	U.S. Treasury Regulations relating to the treatment of contingent payment debt instruments
<b>CP Documentation</b>	an affidavit, consent or renunciation granted in terms of the Civil Partnership Act 2004 in connection with a Scottish Mortgage or the Property secured thereby
<b>Currency Swap Rate</b>	has the meaning given to it in the relevant Series Currency Swap Agreement



<b>Currency Swap Trigger Ratings</b>	has the meaning given to it in the relevant Supplement
<b>Current Value</b>	the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day
<b>Cut-off Date</b>	has the meaning given to it in the relevant Supplement
<b>Day Count Fraction</b>	has the meaning given to it in the relevant Supplement
<b>De Minimis Amount</b>	when the excess of the sum of all payments provided under the Note other than qualified stated interest payments over the Note's Issue Price is less than one quarter of one per cent. of that Note's Stated Redemption Price at Maturity multiplied by the number of complete years to that Note's maturity
<b>De Minimis Market Discount</b>	when a Note is (a) purchased at less than the Issue Price and its stated redemption price at maturity or, in the case of a Discount Note, the Note's Revised Issue Price, exceeds the amount for which the U.S. Holder purchased the Note by at least one quarter of one per cent. of such Note's Stated Redemption Price at Maturity or revised issue price, respectively, multiplied by the number of complete years to the Note's maturity; and (b) such excess is not sufficient to cause the Note to be a Market Discount Note
<b>De Minimis OID</b>	when the excess of the sum of all payments provided under a Note other than qualified stated interest payments over its Issue Price is less than one quarter of one per cent. of the Note's Stated Redemption Price at Maturity multiplied by the number of complete years to its maturity
<b>Dealer(s)</b>	any dealer in respect of a Series appointed from time to time in accordance with the Programme Agreement, which appointment may be for a specific issue or on an ongoing basis
<b>Definitive Detachable Coupons</b>	detachable coupons in definitive form in respect of a Series, which represent the detachable coupons after exchanging Global Detachable Coupons for such definitive forms
<b>Definitive Notes</b>	the Registered Definitive Notes and the Bearer Definitive Notes
<b>Definitive Talons</b>	the talons for further Definitive Detachable Coupons
<b>Denominations</b>	has the meaning given to it in the relevant Supplement
<b>Designated Account</b>	the account maintained by a holder with a Designated Bank and identified as such in the Register
<b>Designated Bank</b>	in the case of payment in a Specified Currency other than euro, a bank in the principal financial centre of the country of such Specified Currency and in the case of a payment in euro, any bank which processes payments in euro

<b>Designated Maturity</b>	has the meaning given to it in the relevant Supplement
<b>Detachable Coupons</b>	means Definitive Detachable Coupons and Global Detachable Coupons
<b>Determination Date</b>	has the meaning given to it in the relevant Supplement
<b>Determination Period</b>	has the meaning given to it in the relevant Supplement
<b>Disclosure Regulations</b>	the U.S. Treasury Regulations relating to section 6011 of the Internal Revenue Code
<b>Discount Loans</b>	Loans under the terms of which the interest rate payable is discounted from the Bank Rate either (i) by a fixed amount either (1) to a fixed date, or (2) for a period of 12 months from the date of completion of the Loan; or (ii) at a stepped rate over three years; in each case plus a margin
<b>Discount Note</b>	a Note issued with an OID
<b>Discount Period</b>	the period during which a discount exists for a Discount Loan
<b>Distribution Compliance Period</b>	the period that ends 40 days after the later of the commencement of the offering of the Notes of the relevant Tranche or Series and the Issue Date
<b>Distribution Date</b>	the date specified in the relevant Supplement in the months specified in the relevant Supplement for a Series, in each calendar year unless such day is not a Business Day, in which case the Distribution Date shall be the following day which is a Business Day
<b>DOL</b>	United States Department of Labor
<b>DTC</b>	Depository Trust Company
<b>DTCC</b>	The Depository Trust & Clearing Corporation
<b>DTI</b>	Department of Trade and Industry
<b>Early Repayment Amount</b>	has the meaning given to it in the relevant Supplement
<b>EC Council Directive</b>	2003/48/EC
<b>Enforcement Liabilities</b>	the entirety of the amounts owed by a Borrower under a Mortgage
<b>Enforcement Procedures</b>	procedures established by the relevant Series Portfolio Seller to which the relevant Series Administrator is required to adhere for managing Loans that are in arrears
<b>Enforcement Proceeds</b>	the proceeds arising from enforcement proceedings initiated when a Borrower defaults, including the sale proceeds of any relevant Property
<b>English Loans</b>	a Loan secured by an English Mortgage

<b>English Mortgage</b>	a Mortgage secured over a Property located in England or Wales
<b>English Property</b>	a freehold or long leasehold residential property (at least 25 years longer than the mortgage term and at least 50 years at the date of application) in England or Wales
<b>Enterprise Act</b>	Enterprise Act 2002
<b>Equity Interest</b>	has the meaning given to it in the Plan Asset Regulation
<b>ERISA</b>	United States Employee Retirement Income Security Act of 1974, as amended
<b>Established Rate</b>	the rate for the conversion of Sterling (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty
<b>EURIBOR</b>	Eurozone interbank offered rate
<b>Euroclear</b>	Euroclear Bank S.A./N.V. or its successors
<b>Euro Notes</b>	has the meaning given to it in the relevant Supplement
<b>Excess Distribution</b>	any distribution received by the U.S. Holder on the PFIC stock in a taxable year that is greater than 125 per cent. of the average annual distributions received by the U.S. Holder in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the PFIC stock
<b>Exchange Act</b>	U.S. Securities Exchange Act of 1934, as amended
<b>Exchange Date</b>	in relation to a Temporary Global Note (and Temporary Global Detachable Bearer Coupon (if any)) in respect of a Series, the day falling after the expiry of 40 days after completion of the distribution of the Notes (and Detachable Coupons (if applicable)) of that Series
<b>Exchange Event</b>	has, with respect to Bearer Notes, the meaning given to it in " <i>Form of Notes – Bearer Notes</i> " and with respect to Registered Notes, the meaning given in " <i>Form of Notes – Registered Notes</i> "
<b>Exchange Notice</b>	a notice given by the Issuer to the Noteholders stating that the replacement euro-denominated Notes and Coupons are available for exchange and that no payments will be made in respect of such Notes and Coupons
<b>Extraordinary Resolution</b>	has the meaning given to it in the applicable Series Trust Deed
<b>Final Maturity Date</b>	has the meaning given to it in the relevant Supplement
<b>Final Redemption Amount</b>	has the meaning given to it in the relevant Supplement
<b>Financial Regulator</b>	means the Irish Financial Services Regulatory Authority

<b>Fitch</b>	Fitch Ratings Limited or its successors
<b>Fixed Coupon Amount</b>	has the meaning given to it in the relevant Supplement
<b>Fixed Interest Period</b>	has the meaning given to it in the relevant Supplement
<b>Fixed Rate Loans</b>	Loans under the terms of which the interest rate payable is fixed for a certain period
<b>Fixed Rate Notes</b>	has the meaning given to it in the relevant Supplement
<b>Floating Rate</b>	has the meaning given to it in the relevant Supplement
<b>Floating Rate Convention</b>	in respect of either Payment Dates or Period End Dates for a Swap Transaction and a party, that the Payment Dates or Period End Dates of that party will be each day during the Term of the Swap Transaction that numerically corresponds to the preceding applicable Payment Date or Period End Date, as the case may be, of that party in the calendar month that is the specified number of months after the month in which the preceding applicable Payment Date or Period End Date occurred (or, in the case of the first applicable Payment Date or the Period End Date, the day that numerically corresponds to the Effective Date in the calendar month that is the specified number of months after the month in which the Effective Date occurred), except that (a) if there is not any such numerically corresponding day in the calendar month in which a Payment Date or Period End Date, as the case may be, of that party should occur, then the Payment Date or Period End Date will be the last day that is a Business Day in that month, (b) if a Payment Date or Period End Date, as the case may be, of the party would otherwise fall on a day that is not a Business Day, then the Payment Date or Period End Date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case the Payment Date or Period End Date will be the first preceding day that is a Business Day and (c) if the preceding applicable Payment Date or Period End Date, as the case may be, of that party occurred on the last day in a calendar month that was a Business Day, then all subsequent applicable Payment Dates or Period End Dates, as the case may be, of that party prior to the Termination Date will be the last day that is a Business Day in the month that is the specified number of months after the month in which the preceding applicable Payment Date or Period End Date occurred (and each capitalised term in this definition shall have the meaning given to it in the relevant Series Hedge Agreement)
<b>Floating Rate Option</b>	has the meaning given to it in the relevant Supplement
<b>Floating Rate Notes</b>	has the meaning given to it in the relevant Supplement
<b>Following Business Day Convention</b>	has the meaning given to it in the relevant Supplement
<b>Foreign Currency</b>	a currency other than U.S. dollars

<b>FSA</b>	Financial Services Authority
<b>FSMA</b>	Financial Services and Markets Act 2000, as amended
<b>Global Detachable Coupon</b>	has the meaning given to it in the Conditions
<b>Global Note</b>	a Temporary Global Note or Permanent Global Note, in each case, as the context may require
<b>Guidelines</b>	Non-Status Lending Guidelines for Lenders and Brokers issued by the OFT on 18 July 1997 (revised in November 1997)
<b>HMRC</b>	HM Revenue and Customs
<b>ICTA 1988</b>	Income and Corporation Taxes Act 1988
<b>IFRS</b>	International Financial Reporting Standards
<b>Financial Regulator</b>	Irish Financial Services Regulatory Authority
<b>Income Deficiency</b>	on any Determination Date, the extent to which the credit balance of the Series Revenue Ledger is insufficient to pay or provide for payments of items specified in the relevant Series Priority of Payments in respect of a Series
<b>Indemnified Parties</b>	in respect of the Series Trust Deed, the Series Note Trustee and its directors, officers, agents and employees and any agent, delegate or other appointee of the Series Note Trustee
<b>In-House Asset Manager</b>	has the meaning given to it in Prohibited Transaction Class Exemption 96-23
<b>Initial Dealer</b>	UBS Limited
<b>Initial Loans</b>	the Loans to be sold pursuant to Clause 2.1 of the Portfolio Purchase Terms, the particulars of which are contained in Annex 1 to the relevant Series Portfolio Purchase Agreement
<b>Initial Series Reserve Fund Amount</b>	means the initial reserve fund amount as specified in the relevant Supplement
<b>Insolvency Act</b>	Insolvency Act 1986, as amended
<b>Instrumentholders</b>	in respect of any Series, the Noteholders, the MERC Holders and the Residual Holders or any of them
<b>Instruments</b>	the Notes of a Series, Series Residuals, Series MERCs, Detachable Coupons and Series Subordinated Notes unless provided otherwise in this Offering Circular or the relevant Supplement
<b>Insurance Contracts</b>	means the insurance policies to be assigned to the Issuer in respect of a Series Portfolio pursuant to the relevant Assignment of Insurance Contracts and any other insurance contracts in replacement, addition or

	substitution therefor from time to time and which relate to the Loans in a Series Portfolio
<b>Intercreditor Deed</b>	the intercreditor deed dated on or about the Programme Date between the Security Trustee and the Programme Secured Creditors
<b>Interest Amount</b>	the amount of interest payable in respect of each Specified Denomination for the relevant Interest Period
<b>Interest Commencement Date</b>	the date on which the Rate of Interest will commence
<b>Interest Only Loans</b>	a Loan under the terms of which a Borrower is only obliged to pay interest during the term of that Loan with the entire principal amount being payable only upon the relevant maturity date (including from the proceeds of an endowment, pension policy or other appropriate repayment vehicle)
<b>Interest Period</b>	the period from (and including) a Distribution Date (or the Interest Commencement Date) to (but excluding) the next (or first) Distribution Date
<b>Internal Revenue Code</b>	U.S. Internal Revenue Code of 1986, as amended
<b>Investment Company Act</b>	United States Investment Company Act of 1940, as amended
<b>Investment Letter</b>	following the transfer of a Reg S Global Note, or the delivery of a Reg S Definitive Note, an investment letter from the transferee to the Series Registrar to the effect that the transferee is a QIB and acknowledging that the Note of such Class or the beneficial interest therein is being transferred to the transferee in accordance with Rule 144A
<b>Investment Services Directive</b>	EU Directive 93/22/EEC
<b>Irish Stock Exchange</b>	Irish Stock Exchange Limited
<b>IRS</b>	U.S. Internal Revenue System
<b>ISDA Definitions</b>	the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as of the Issue Date of the first Tranche of Notes
<b>ISDA Determination</b>	has the meaning given to it in the relevant Supplement
<b>ISDA Rate</b>	a rate equal to the Floating Rate that would be determined by the relevant Series Agent Bank under an interest rate swap transaction if that Series Agent Bank were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions
<b>Issue Date</b>	each date on which the Issuer issued Notes, as specified in the applicable Supplement
<b>Issue Price</b>	the first price at which a substantial amount of Notes are sold to persons

	other than bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers
<b>Issuer</b>	EuroMASTR PLC
<b>IVA</b>	individual voluntary arrangements
<b>Land Registry</b>	Land Registry of England and Wales
<b>Land Registries</b>	the Land Registry, the Registers of Scotland and the Northern Ireland Registries
<b>Lending Criteria</b>	the lending criteria of any relevant originator applicable to a Series Portfolio and as set out in the Series Portfolio Purchase Agreement and the applicable Supplement
<b>LIBOR</b>	London interbank offered rate
<b>LIBOR Loan</b>	Loans under the terms of which the interest rate payable is linked to LIBOR plus a margin for the term of the Loan and is reset in accordance with changes in LIBOR of a certain frequency (typically 1 month or 3 months)
<b>Life Policies</b>	certain life assurance policies provided as security by a Borrower in respect of certain of the Loans comprised in a Series Portfolio
<b>Liquidity Advance</b>	has the meaning given to it in a Series Liquidity Facility Agreement
<b>Liquidity Drawdown Date</b>	the date upon which the Issuer draws down the entirety of any undrawn portion of a Series Liquidity Facility pursuant to a Series Liquidity Facility Agreement
<b>Liquidity Drawn Amount</b>	has the meaning given to it in " <i>Credit Structure – Series Liquidity Facility Agreements</i> "
<b>Liquidity Facility Floor</b>	has the meaning given to it in the relevant Supplement
<b>Loans</b>	any loan (including, for the avoidance of doubt any Scottish Loan or Northern Irish Loan unless otherwise stated) which is sold and transferred by a Series Portfolio Seller to the Issuer from time to time under the terms of a Series Portfolio Purchase Agreement and referenced by its loan identifier number and comprising the aggregate of all principal sums, interest, costs, charges, expenses and other moneys due or owing with respect to that loan under the relevant Mortgage Conditions by a Borrower on the security of a Mortgage from time to time outstanding or, as the context may require, the Borrower's obligations in respect of the same, but excluding any loan which is repurchased by a Series Portfolio Seller
<b>London Business Day</b>	a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London
<b>Long Maturity Note</b>	a Fixed Rate Note (other than a Fixed Rate Note which on issue had a

	Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Distribution Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note
<b>Losses</b>	any and all liabilities, losses, damages, fines, suits, actions, demands, penalties, costs and expenses, including out-of-pocket, incidental expenses, legal fees and expenses, the allocated costs and expenses of in-house counsel and legal staff and the costs and expenses of defending or preparing to defend against any claim on the Loans
<b>LTV</b>	Loan to Value Ratio
<b>Margin</b>	in respect of a Floating Rate Note, the percentage per annum (if any) as specified in the relevant Supplement and subject to the Conditions
<b>Market Discount Note</b>	a Note which is purchased at less than the Issue Price where the Note's Stated Redemption Price at Maturity or, in the case of a Discount Note, the Note's Revised Issue Price, exceeds the amount for which the U.S. Holder purchased the Note by at least one quarter of one per cent. of such Note's Stated Redemption Price at Maturity or revised Issue Price, respectively, multiplied by the number of complete years to the Note's maturity
<b>Master Definitions and Construction Deed</b>	the Master Definitions and Construction Deed dated on or about the Programme Date signed for the purposes of identification by the Issuer and the Security Trustee setting out certain common terms and definitions (as the same may be amended and/or supplemented and/or restated from time to time)
<b>Maximum Rate of Interest</b>	has the meaning given to it in the relevant Supplement
<b>MCOB</b>	the FSA's Mortgages and Home Finance: Conduct of Business Sourcebook
<b>MERC</b>	the mortgage early repayment certificate representing entitlement to the Mortgage Early Repayment Charges
<b>MERC Conditions</b>	the Terms and Conditions of the MERCs
<b>MERC Holder Payments</b>	amounts in respect of Mortgage Early Repayment Charges paid to the MERC Holders
<b>MHA Documentation</b>	an affidavit, consent or renunciation granted in terms of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 in connection with a Scottish Mortgage or the Property secured thereby
<b>Minimum Rate of Interest</b>	has the meaning given to it in the relevant Supplement
<b>Modified Following Business Day Convention</b>	the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day



<b>Moody's</b>	Moody's Investors Service Limited or its successors
<b>Mortgage</b>	the legal charge, mortgage or standard security securing a Loan
<b>Mortgage Conditions</b>	all the terms and conditions applicable to a Loan
<b>Mortgage Rate</b>	on any Determination Date, the weighted average interest rate of a Series Portfolio on such date
<b>Mortgagee</b>	the person entitled to the benefit of the relevant Mortgage, including in respect of a Scottish Mortgage, the heritable creditor thereof
<b>Mortgage Early Repayment Charge</b>	a compensation payment, payable by the Borrower, if the Loan is redeemed within a defined period of time (usually within the discounted or fixed rate period) from the date of the advance of such Loan to the Borrower
<b>Mortgage Servicing Terms</b>	the mortgage servicing terms dated on or about the Programme Date signed by the Issuer and the Security Trustee for the purposes of identification
<b>Mortgage Special Servicing Terms</b>	the mortgage special servicing terms dated on or about the Programme Date signed by the Issuer and the Security Trustee for the purposes of identification
<b>N(M)</b>	31 October 2004
<b>Net Enforcement Liabilities</b>	all Enforcement Liabilities other than Mortgage Early Repayment Charges
<b>New UK GAAP</b>	the new UK Financial Reporting Standards
<b>NGN</b>	a Global Note where the applicable Supplement specifies the relevant Note as being in NGN form
<b>NIHE</b>	Northern Ireland Housing Executive
<b>Non-Conforming Borrowers</b>	Borrowers who (a) may previously have been subject to one or more CCJs, Individual Voluntary Arrangements or BOs; (b) are self-employed and/or have self certified their income; and/or (c) are otherwise considered by bank and building society lenders to be non-conforming borrowers
<b>Non-U.S. Holder</b>	a beneficial owner of Notes that is not a U.S. Holder
<b>Northern Ireland Registries</b>	Land Registry of Northern Ireland and the Registry of Deeds of Northern Ireland
<b>Northern Irish Loan</b>	a Loan secured by a Northern Irish Mortgage
<b>Northern Irish Mortgage</b>	a Mortgage or charge secured over a Property located in Northern Ireland

<b>Northern Irish Property</b>	a freehold or long leasehold residential property (at least 99 years at the date of application) located in Northern Ireland
<b>Note EURIBOR</b>	has the meaning given to it in the relevant Supplement
<b>Note Principal Payment</b>	the principal amount redeemable in respect of each Note of any Class
<b>Note USD-LIBOR</b>	has the meaning given to it in the relevant Supplement
<b>Noteholder</b>	in respect of a Series, the Noteholders of the Class(es) of Notes specified in the relevant Supplement, and the Series Subordinated Noteholders (if any) or any of them
<b>Notes</b>	the mortgage backed Notes, Series Subordinated Notes and Detachable Coupons (if any) specified in the relevant Supplement in respect of a Series constituted by the relevant Series Trust Deed, or any of them, and unless expressly stated to the contrary, all references in the Documents to a Note shall be a reference to such Note whether in global, definitive form or bearer form
<b>Note's Revised Issue Price</b>	an amount equal to a Note's Issue Price increased by the amount of any OID that has accrued on the Note
<b>Note's Stated Redemption Price at Maturity</b>	the excess of the sum of all payments provided under the Note other than qualified stated interest payments
<b>Note USD-LIBOR</b>	has the meaning given to it in the relevant Supplement
<b>Offering Circular</b>	this offering circular dated 13 June 2007
<b>OFT</b>	Office of Fair Trading
<b>OID</b>	original issue discount
<b>Ombudsman</b>	Financial Ombudsman Service
<b>Optional Redemption</b>	has the meaning given to it in the relevant Supplement
<b>Optional Redemption Amount</b>	has the meaning given to it in the relevant Supplement
<b>Optional Redemption Date</b>	has the meaning given to it in the relevant Supplement
<b>Parent</b>	EuroMASTR Holdings Limited
<b>Parties in Interest</b>	persons who have certain specified relationships to a Benefit Plan and disqualified persons under the Code
<b>Payment Day</b>	any day which (subject to the relevant Conditions in respect of a Series) is: <ul style="list-style-type: none"> <li>(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:</li> </ul>

- (i) the relevant place of presentation;
  - (ii) London; and
  - (iii) any Additional Financial Centre specified in the relevant Supplement in respect of a Series;
- (b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre) or (2) in relation to any sum payable in euro, a day on which the TARGET System is open; and
- (c) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which a participant in DTC (with an interest in such Registered Global Note) has notified DTC to make any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City

<b>Payment Holidays</b>	means a period during which a Borrower is permitted under the Mortgage Conditions to suspend payments under a Loan and will not therefore be in breach of the Mortgage Conditions by doing so
<b>PECO Holder</b>	UBS AG, London Branch, or any alternative entity specified in the relevant Supplement
<b>Pensions Regulator</b>	the pensions regulator who is given power pursuant to the Pensions Act 2004 to issue contribution notices and financial support directions to require a person who is "connected with" or "an associate of" an employer under an occupation pension scheme providing defined benefits to contribute to or provide funding guarantees for the pension scheme in certain circumstances
<b>Permanent Global Detachable Coupon</b>	the permanent global Detachable Coupon
<b>Permanent Global Notes</b>	the Permanent Global Note of the Class of Notes or Series Subordinated Notes (if any) specified in the relevant Supplement in respect of a Series
<b>PFIC</b>	a passive foreign investment company
<b>PFIC stock</b>	Equity Interests in the Issuer
<b>Plan Asset Regulation</b>	Regulation 29 C.F.R. 2510.3-101 issued by the United States Department of Labor, as modified by ERISA

<b>Pool Factor</b>	in respect of the Notes of any Series, has the meaning given to it in Condition 9 of the Notes for each Series
<b>Portfolio Purchase Terms</b>	the portfolio purchase terms dated on or about the Programme Date signed by the Issuer and the Security Trustee for the purposes of identification
<b>Preceding Business Day Convention</b>	the first preceding day that is a Business Day
<b>Prefunded Loan Amounts</b>	proceeds from the issue of a Series of Notes which are not used to purchase Loans and their Collateral Security on the Issue Date but which are deposited in the relevant Series GIC Bank Account on the Issue Date for the purpose of future purchase(s) of Prefunded Loans
<b>Prefunded Loans</b>	Loans purchased after the Issue Date with amounts previously deposited and held in the applicable Series GIC Bank Account for that purpose on the relevant Issue Date
<b>Prefunding Acquisition Date</b>	a date which falls on or before the first Distribution Date when Prefunded Loans in a Series Portfolio for a Series may be purchased by the Issuer from a Series Portfolio Seller and included in the relevant Series Portfolio
<b>Prescribed Part</b>	has the meaning given to it in the Enterprise Act 2002
<b>Principal Amount Outstanding</b>	the principal amount of a Note on the relevant Issue Date thereof less principal amounts received by the relevant Noteholder in respect thereof
<b>Principal Deficiency</b>	in respect of each Class of Notes specified in the relevant Supplement, any losses recorded in the relevant Series Principal Deficiency Ledger and the relevant Series Principal Deficiency Sub-Ledger
<b>Principal Deficiency Limit</b>	the debit balance which must be maintained by the relevant Series Principal Deficiency Sub-Ledger, where such debit balance cannot be less than the Principal Amount Outstanding of the relevant Class of Notes
<b>Principal Note Agreements</b>	the Series Trust Deed, the Series Agency Agreement, the Security Deed, the Intercreditor Deed and the Series Intercreditor Deed Supplement
<b>Principal Receipts</b>	with respect to a Loan in a Series Portfolio: <ul style="list-style-type: none"> <li>(a) principal repayments under such Loan (including capitalised interest, capitalised expenses and capitalised arrears) other than in respect of Arrears;</li> <li>(b) recoveries of principal from defaulting Borrowers under such Loan being enforced (including the proceeds of sale of the relevant Property);</li> <li>(c) any payment pursuant to an Insurance Policy in respect of a</li> </ul>

Property in connection with such Loan; and

- (d) the proceeds of the repurchase of such Loan by the Seller from the Issuer pursuant to the Portfolio Purchase Terms (excluding amounts attributable to the Series Revenue Receipts)

<b>Principal Residual Amount</b>	the aggregate funds (if any) calculated in accordance with the Series Pre-Acceleration Principal Priority of Payments set out in the applicable Supplement as being available to the Issuer on any Distribution Date for application in or towards the payment of principal on each Class of Notes of a relevant Series for which deferral of principal is indicated in the applicable Supplement which is due on such Distribution Date
<b>Programme</b>	the mortgaged backed securities programme of the Issuer
<b>Programme Account</b>	a bank account opened by the Issuer with the Programme Account Bank for the purposes of the Programme and pursuant to the Programme Bank Account Agreement
<b>Programme Account Bank</b>	HSBC Bank plc acting through its branch at Level 24, 8 Canada Square, London, E14 5HQ to be appointed under the Programme Bank Account Agreement
<b>Programme Agreement</b>	the programme agreement dated on or about the Programme Date between the Issuer, the Series Portfolio Seller, the Dealers and the Programme Arranger
<b>Programme Arranger</b>	UBS Limited
<b>Programme Assets</b>	Charged Property which are not Series Assets or which become Programme Assets pursuant to Clause 4.2(d)(iii) of the Intercreditor Deed
<b>Programme Bank Account Agreement</b>	the programme bank account agreement dated on or about the Programme Date between, <i>inter alios</i> , the Issuer, the Programme Account Bank and the Security Trustee
<b>Programme Calculation and Reporting Agent</b>	Wells Fargo Securitisation Services Limited
<b>Programme Cash Management Agreement</b>	the programme cash management agreement dated on or about the Programme Date between the Programme Cash Manager, the Programme Calculation and Reporting Agent, the Programme Financial Servicer, the Issuer and the Security Trustee
<b>Programme Cash Management Report</b>	has the meaning given to it in Schedule 2 of the Programme Cash Management Agreement
<b>Programme Cash Manager</b>	HSBC Bank plc
<b>Programme Corporate Services Agreement</b>	the programme corporate services agreement dated on or about the Programme Date between the Issuer, the Parent, the Share Trustee, and the Corporate Services Provider

<b>Programme Date</b>	means 18 June 2007
<b>Programme Distribution Date</b>	15 September and thereafter 15 December, 15 March and 15 June in each calendar year unless such day is not a Business Day, in which case the Programme Distribution Date shall be the following day which is a Business Day
<b>Programme Documents</b>	<p>each of the following:</p> <ul style="list-style-type: none"> <li>(a) Administration Terms (which will contain a form of Series Administration Agreement scheduled thereto);</li> <li>(b) Agency Terms (which will contain a form of Series Agency Agreement scheduled thereto);</li> <li>(c) Bank Account Terms (which will contain a form of Series Bank Account Agreement scheduled thereto);</li> <li>(d) Cash Management Terms (which will contain a form of Series Cash Management Agreement scheduled thereto);</li> <li>(e) Intercreditor Deed (which will contain a form of Series Intercreditor Deed Supplement scheduled thereto);</li> <li>(f) Mortgage Servicing Terms (which will contain a form of Series Mortgage Servicing Agreement scheduled thereto);</li> <li>(g) Mortgage Special Servicing Terms (which will contain a form of Series Mortgage Special Servicing Agreement scheduled thereto);</li> <li>(h) Portfolio Purchase Terms (which will contain a form of Series Portfolio Purchase Agreement scheduled thereto);</li> <li>(i) Programme Agreement (which will contain a form of Series Subscription Agreement scheduled thereto);</li> <li>(j) Programme Bank Account Agreement;</li> <li>(k) Programme Cash Management Agreement;</li> <li>(l) Programme Corporate Services Agreement;</li> <li>(m) Programme Issuer Declaration of Trust;</li> <li>(n) Security Deed (which will contain a form of Scottish Supplemental Charge scheduled thereto);</li> <li>(o) Standby Mortgage Servicing Terms (which will contain a form of Series Standby Mortgage Servicing Agreement scheduled thereto); and</li> <li>(p) Trust Deed Terms (which will contain a form of Series Trust</li> </ul>

Deed scheduled thereto)

<b>Programme Enforcement Notice</b>	a notice given by the Security Trustee to the Issuer following a Programme Insolvency Event declaring the Security in respect of each Series to be enforceable
<b>Programme Financial Servicer</b>	UBS AG, London Branch
<b>Programme Insolvency Event</b>	has the meaning given to it in Condition 12(c) ( <i>Series Events of Default</i> )
<b>Programme Issuer Declaration of Trust</b>	the declaration of trust dated on or about the Programme Date in favour of the Parent pursuant to which the Issuer will declare a trust over its assets
<b>Programme Priority of Payments</b>	has the meaning given to it in " <i>Credit Structure – Programme Priority of Payments</i> "
<b>Programme Report</b>	the programme report set out in Schedule 2 of the Programme Cash Management Agreement
<b>Programme Secured Creditors</b>	Security Trustee, the Corporate Services Provider, the Programme Cash Manager, the Programme Calculation and Reporting Agent, the Programme Financial Servicer, the Programme Account Bank and the parties to the Programme Documents acceding to the Intercreditor Deed and any Series Secured Creditor who becomes a Programme Secured Creditor pursuant to the Intercreditor Deed
<b>Programme Secured Liabilities</b>	in respect of the Programme, all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity) of the Issuer to the Programme Secured Creditors in their capacity as the same, under the Programme Documents
<b>Projected Payments</b>	the projected amounts of payments on a Note
<b>Property</b>	in England and Wales, a freehold or leasehold property; in Northern Ireland, a freehold or leasehold property; in Scotland, a heritable property or a property held under a long lease which is, in each case, subject to a Mortgage (and Properties shall be construed accordingly)
<b>Prospectus Directive</b>	EC Directive 2003/71/EC
<b>Prudent Mortgage Lender</b>	a reasonably prudent mortgage lender lending to borrowers in England, Northern Ireland, Wales and Scotland who include the recently self employed, independent contractors, temporary employees and people who may have experienced previous credit problems being, in each case, people who generally do not satisfy the lending criteria of traditional sources of residential mortgage capital
<b>PTCE</b>	Prohibited Transaction Class Exemption
<b>QEF election</b>	a qualified electing fund election

<b>QIB</b>	a Qualified Institutional Buyer
<b>Qualified Institutional Buyer</b>	has the meaning given to it in Rule 144A under the Securities Act
<b>Qualified Professional Asset Manager</b>	has the meaning given to it in Prohibited Transaction Class Exemption 84-14
<b>Qualifying Corporate Bonds</b>	has the meaning given to it under section 117 of the Taxation of Chargeable Gains Act 1992
<b>Rate of Interest</b>	has the meaning given in to it in the relevant Supplement
<b>Rating</b>	the rating of each class of Notes of a Series, Series MERCs and/or Series Residuals as specified in the relevant Supplement
<b>Rating Agencies</b>	Moody's, S&P and Fitch, and each a Rating Agency and, in respect of a particular Series, has the meaning given to it in the relevant Supplement
<b>Ratings Confirmation</b>	a confirmation by the relevant Rating Agencies that certain actions proposed to be taken by the Security Trustee, a Series Note Trustee or the Issuer will not have an adverse effect on the then current ratings of the relevant Notes
<b>Receiver</b>	any person or persons appointed (and any additional person or persons appointed or substituted) as an administrative receiver, receiver, manager, or receiver and manager of the Charged Property by the Security Trustee pursuant to the Security Deed
<b>Record Date</b>	has the meaning given to it in Condition 8(d) of the Notes and the applicable Series Trust Deed for each Series
<b>Redenomination Date</b>	in the case of interest bearing Notes, any date for payment of interest under the Notes or in the case of Zero Coupon Notes, any date, in each case specified by the Issuer in the notice given to the Noteholders and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union
<b>Reference Rate</b>	has the meaning given to it in the relevant Supplement
<b>Reg S Definitive Notes</b>	any Definitive Note in registered form issued in exchange for a Reg S Global Note
<b>Reg S Global Notes</b>	Notes in registered global form initially offered and sold outside the United States to non-U.S. persons in reliance on Regulation S
<b>Reg S Notes</b>	Notes that are represented by a Reg S Global Note or that were so represented prior to exchange for Definitive Notes
<b>Register</b>	the register which the Issuer will cause to be kept at the specified office of the Series Registrar outside the United Kingdom for the time being, on which shall be entered the names and addresses of the holders from



	time to time of the Registered Notes, together with the particulars of the Registered Notes held by them respectively and of all transfers of Registered Notes
<b>Registered Definitive Notes</b>	Rule 144A Definitive Notes and Reg S Definitive Notes
<b>Registered Global Notes</b>	Rule 144A Global Notes and Reg S Global Notes
<b>Registered Housing Association</b>	a housing association as defined in article 3 of the Housing (Northern Ireland) Order 1992, which is registered in the register of housing associations maintained under article 14 of the said Order
<b>Registered Notes</b>	the Notes in registered form
<b>Registers of Scotland</b>	the Land Register of Scotland and/or the General Register of Sasines
<b>Regulated Mortgage Contract</b>	a credit agreement in respect of which, at the time the contract is entered into on or after N(M): (a) the borrower is an individual or trustee; (b) the contract provides for the obligation of the borrower to repay to be secured by (in England and Wales) a first legal mortgage or (in Northern Ireland) a first ranking mortgage or charge or (in Scotland) a first ranking standard security on land (other than timeshare accommodation) in the United Kingdom; and (c) at least 40 per cent. of that land is used, or is intended to be used, as or in connection with any dwelling by the borrower or (in the case of credit provided to trustees) by an individual who is a beneficiary of the trust, or by a related person
<b>Regulation S</b>	Regulation S under the Securities Act
<b>Regulation S Transfer Certificate</b>	a duly completed written certification substantially in the form set out in the Agency Agreement, amended as appropriate, from the transferor of a Rule 144A Global Note to the effect that such transfer is being made in accordance with Regulation S
<b>Relevant Date</b>	the date on which a payment in respect of a Note first becomes due, except that, if the full amount of the moneys payable has not been duly received by the relevant Series Principal Paying Agent, the relevant Series Registrar or the relevant Series Note Trustee, as the case may be, on or prior to such due date, the Relevant Date is the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the relevant Series Note Trustee and to Noteholders in accordance with Condition 19 ( <i>Notices</i> )
<b>Relevant Dealers</b>	in the case of an issue of Notes being (or intended to be) subscribed for by more than one Dealer, all such Dealers agreeing to subscribe for such Notes
<b>Relevant Residual Amount</b>	the aggregate funds (if any) calculated in accordance with the Series Pre-Enforcement, Pre-Acceleration Revenue Priority of Payments or Series Post-Enforcement, Pre-Acceleration Revenue Priority of Payments set out in the applicable Supplement as being available to the Issuer on any Distribution Date for application in or towards the payment of interest on each Class of Notes of a relevant Series for which

	deferral of interest is indicated in the applicable Supplement which is due on such Distribution Date
<b>Repayment Loans</b>	Loans under the terms of which monthly instalments covering both interest and principal are payable until the Loan is fully repaid by its maturity
<b>Repayment Portion</b>	when a Borrower separates the repayable amounts due under a Loan into two portions, that portion of the repayable amount in respect of which the Borrower will make payments incorporating both interest and principal components
<b>Reportable Transactions</b>	certain tax shelter transactions which must be reported pursuant to section 6011 of the Internal Revenue Code
<b>Reset Date</b>	the date specified in the relevant Supplement
<b>Residual Amounts</b>	the amounts available for distribution under the Residual Conditions
<b>Residual Conditions</b>	the terms and conditions of the Residuals for each Series
<b>Residual Holders</b>	the holders from time to time of the Residuals in respect of a Series
<b>Residuals</b>	the entitlement to the Residual Amount
<b>Responsible Person</b>	for the purposes of the Prospectus Directive, the Issuer
<b>Retentions</b>	the portion of a Borrower's entitled loan amount which was not advanced on the initial drawdown date where such amounts will only be advanced to the Borrower upon satisfaction of the requisite conditions attached to their Loans
<b>Revenue Receipts</b>	has the meaning given to it in the relevant Supplement
<b>Right to Buy Loans</b>	certain Loans which have been made in whole or in part to a Borrower for the purpose of enabling that Borrower to exercise his right to buy the relevant Property under Section 156 of the Housing Act or Part III of the Housing (Scotland) Act 1987 as amended by Chapter 2 of the Housing (Scotland) Act 2001 or under the Northern Ireland Housing Executive House Sales Scheme or Registered Housing Associations House Sales Scheme as provided for by the Housing (Northern Ireland) Order 1983 as amended by the Housing (Northern Ireland) Orders 1986 and 1992 and the Housing (Northern Ireland) Order 2003, as the case may be
<b>RSA</b>	the State of New Hampshire Revised Statutes
<b>Rule 144A</b>	Rule 144A under the Securities Act
<b>Rule 144A Definitive Notes</b>	any Registered Definitive Notes issued in exchange for a Rule 144A Global Note
<b>Rule 144A Global Notes</b>	Notes in registered global form initially offered and sold inside the United States to QIBs in reliance on Rule 144A

<b>Rule 144A Notes</b>	Notes that are represented by a Rule 144A Global Note or that were so represented prior to exchange for Definitive Notes
<b>Rule 144A Transfer Certificate</b>	a written certification from the transferor to the relevant Series Registrar of a Reg S Global Note or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A
<b>S&amp;P</b>	Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc., or its successors
<b>Scottish Declaration of Trust</b>	in respect of the Scottish Loans and their Collateral Security in a Series Portfolio, each declaration of trust by the relevant Series Portfolio Seller in favour of the Issuer granted pursuant to the relevant Series Portfolio Purchase Agreement on or about the Issue Date as supplemented from time to time
<b>Scottish Loan</b>	a Loan secured by a Scottish Mortgage
<b>Scottish Mortgage</b>	a mortgage secured over a Property located in Scotland
<b>Scottish Property</b>	heritable or long leasehold property located in Scotland
<b>Scottish Supplemental Charge</b>	a deed constituting fixed and (as applicable) floating security over the beneficial interest under any relevant Scottish Declaration of Trust granted by the Issuer in favour of the Security Trustee pursuant to the Security Deed
<b>Screen Rate Determination</b>	has the meaning given to it in the relevant Supplement
<b>SEC</b>	United States Securities and Exchange Commission
<b>Secured Creditors</b>	the Security Trustee, the Instrumentholders of each Series, the other Series Secured Creditors of each Series, the Programme Secured Creditors and any other person which becomes a Secured Creditor pursuant to the Security Deed and/or each Series Security Deed Supplement
<b>Secured Liabilities</b>	all of the Series Secured Liabilities in respect of all Series and all of the Programme Secured Liabilities
<b>Securities Act</b>	U.S. Securities Act of 1933, as amended
<b>Security</b>	the security granted to the Security Trustee by the Issuer under or pursuant to the Security Deed and each Series Security Deed Supplement
<b>Security Deed</b>	the security deed dated on or about the Programme Date between the Issuer, the Parent and the Security Trustee
<b>Security Trustee</b>	HSBC Trustee (C.I.) Limited

<b>Selling Restrictions</b>	has the meaning given to it in the relevant Supplement
<b>Series</b>	a Tranche of Notes together with any further class or Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices
<b>Series Acceleration Notice</b>	a notice given by the Security Trustee to the Issuer following a Series Event of Default in respect of a particular Series declaring the Notes of that Series to be due and repayable
<b>Series Account Bank</b>	HSBC Bank plc, or any other person as specified in the relevant Supplement, pursuant to the terms of a Series Bank Account Agreement
<b>Series Additional Security</b>	the security granted to the Security Trustee by the Issuer pursuant to a Series Security Deed Supplement on any Issue Date or Prefunding Acquisition Date
<b>Series Administrator</b>	UBS AG, London Branch and/or any other person specified in the relevant Supplement
<b>Series Administration Agreement</b>	each series administration agreement dated on or about the Issue Date between the Series Portfolio Seller, the Issuer, the Series Administrator and the Security Trustee in respect of a Series
<b>Series Agency Agreement</b>	the series agency agreement dated on or about the Issue Date between the Issuer, the relevant Series Principal Paying Agent, the relevant Series Agent Bank, the Series Paying Agents, the Security Trustee and the relevant Series Note Trustee in respect of a Series
<b>Series Agent Bank</b>	HSBC Bank plc, unless otherwise specified in the relevant Supplement
<b>Series Agents</b>	the Series Paying Agents, the Series Exchange Rate Agents (if any) and the Series Agent Bank
<b>Series Assets</b>	the assets of the Issuer allocated to each Series pursuant to the Intercreditor Deed
<b>Series Bank Account Agreement</b>	the series bank account agreement dated on or about the Issue Date between the Issuer, the Security Trustee, each Series Originator and the relevant Series Account Bank in respect of a Series
<b>Series Bank Accounts</b>	in respect of a Series, the Series Transaction Account and the Series GIC Accounts
<b>Series Basis Rate Swap Agreement</b>	the series basis rate swap agreement, including the guarantee forming part of that agreement, dated on or about the Issue Date between the Issuer and the Series Basis Rate Swap Provider, in respect of a Series
<b>Series Basis Rate Swap Guarantor</b>	has the meaning given to it in the Series Basis Rate Swap Agreement for a Series

<b>Series Basis Rate Swap Provider</b>	has the meaning given to it in the Series Basis Rate Swap Agreement for a Series
<b>Series Calculation and Reporting Agent</b>	Wells Fargo Securitisation Services Limited unless otherwise specified in the relevant Supplement and Series Cash Management Agreement for a Series
<b>Series Cash Management Agreement</b>	the series cash management agreement dated on or about the Issue Date between the Issuer, the Security Trustee, the relevant Series Portfolio Seller, the relevant Series Cash Manager and the relevant Series Calculation and Reporting Agent, in respect of a Series
<b>Series Cash Manager</b>	HSBC Bank plc unless otherwise specified in the relevant Supplement and Series Cash Management Agreement for a Series
<b>Series Completion Mortgage Pool</b>	a pool of residential mortgage loans in relation to a Series acquired by the Issuer on the relevant Issue Date and their Mortgages and other Collateral Security
<b>Series Credit Support Agreement</b>	the series credit support agreement (if any) dated on or about the Issue Date between, amongst others, the Issuer and the relevant Series Credit Support Provider in respect of a Series
<b>Series Credit Support Provider</b>	means UBS AG, London Branch unless otherwise specified in the relevant Series Credit Support Agreement for a Series
<b>Series Currency Swap Agreement</b>	the series currency swap agreement dated on or about the Issue Date between, amongst others, the Issuer and the relevant Series Currency Swap Provider in respect of a relevant Series
<b>Series Currency Swap Provider</b>	means UBS AG, London Branch unless otherwise specified in the relevant Series Currency Swap Agreement for a Series
<b>Series Currency Swap Provider Default Payment</b>	has the meaning given to it in the Series Currency Swap Agreement for a Series
<b>Series Custodian</b>	any custodian with whom the Registered Global Notes in respect of a Series have been deposited
<b>Series Discount Reserve</b>	a discount reserve established on the relevant Issue Date in order to cover the expected difference during the relevant discount period between rates payable on the Discount Loans in the Series Portfolio and the margin above the Bank Rate that will apply in respect of such Discount Loans when the discount period expires, as further described in the relevant Supplement
<b>Series Discount Reserve Ledger</b>	a ledger established in respect of the Series Discount Reserve if specified in the relevant Supplement
<b>Series Discount Reserve Required Amount</b>	has the meaning given to it in the relevant Supplement

## Series Documents

each of the following:

- (a) Scottish Declaration of Trust (if applicable);
- (b) Scottish Supplemental Declaration of Trust (if applicable);
- (c) Scottish Supplemental Charge (if applicable);
- (d) Series Administration Agreement (incorporating the Administration Terms);
- (e) Series Agency Agreement (incorporating the Agency Terms);
- (f) Series Bank Account Agreement (incorporating the Bank Account Terms);
- (g) Series Cash Management Agreement (incorporating the Cash Management Terms);
- (h) Series Credit Support Agreements, if specified in the relevant Supplement;
- (i) Series Exchange Rate Agreement, if specified in the relevant Supplement
- (j) Series Guaranteed Investment Contract(s);
- (k) Series Hedge Agreements, if specified in the relevant Supplement;
- (l) Series Intercreditor Deed Supplement;
- (m) Series Irish Paying Agency Agreement, if specified in the relevant Supplement;
- (n) Series Issuer Declaration of Trust.
- (o) Series Liquidity Facility Agreement, if specified in the relevant Supplement;
- (p) Series Mortgage Servicing Agreement (incorporating the Mortgage Servicing Terms);
- (q) Series Mortgage Special Servicing Agreement (incorporating the Mortgage Special Servicing Terms) if specified in the applicable Supplement;
- (r) Series Portfolio Purchase Agreement (incorporating the Portfolio Purchase Terms);
- (s) Series Post-Enforcement Call Option Agreement;
- (t) Series Security Deed Supplement;

	(u) Series Standby Mortgage Servicing Agreement (incorporating the Standby Mortgage Servicing Terms) if specified in the applicable Supplement;
	(v) Series Subscription Agreement; and
	(w) Series Trust Deed (incorporating the Trust Deed Terms);
<b>Series Enforcement Notice</b>	a notice given by the Security Trustee to the Issuer following a Series Event of Default in respect of a particular Series declaring the Security in respect of that Series to be enforceable
<b>Series Euro Currency Swap Rate</b>	the Euro/Sterling exchange rate under the relevant Series Currency Swap Agreement
<b>Series Event of Default</b>	has the meaning given to it in Condition 12 of the Terms and Conditions of the Notes
<b>Series Exchange Rate Agent</b>	has the meaning given to it in the relevant Supplement
<b>Series GIC Account Bank</b>	the person acting as series GIC account bank as specified in the applicable Supplement and the Series Bank Account Agreement for a Series
<b>Series GIC Accounts</b>	the Series GIC Bank Account and the Series GIC Reserve Account
<b>Series GIC Bank Account</b>	a Series Guaranteed Investment Contract account opened by the Issuer with the Series GIC Account Bank in relation to a Series in respect of investments to be made by or on behalf of the Issuer in respect of that Series other than in respect of amounts standing to the credit of the Series Reserve Ledger
<b>Series GIC Reserve Account</b>	a Series Guaranteed Investment Contract account opened by the Issuer with the Series GIC Account Bank in relation to a Series in respect of amounts standing to the credit of the Series Reserve Ledger
<b>Series Guaranteed Investment Contract</b>	a series guaranteed investment contract dated on or about the Issue Date between the Issuer, the Security Trustee, the Series Cash Manager, the Series Calculation and Reporting Agent and the Series GIC Account Bank in respect of a Series
<b>Series Hedge Agreements</b>	the Series Interest Rate Cap Agreements, the Series Interest Rate Swap Agreements, the Series Basis Rate Swap Agreements and/or the Series Currency Swap Agreements as specified in the relevant Supplement and any other agreements designated as Series Hedge Agreements in the relevant Supplement
<b>Series Hedge Provider</b>	the Series Interest Rate Cap Provider, the Series Interest Rate Swap Provider, the Series Basis Rate Swap Provider and/or the Series Currency Swap Provider (each role being supplied by UBS AG, London Branch as and unless otherwise specified in the relevant Supplement)

<b>Series Initial Mortgage Pool</b>	Loans in the provisional mortgage pool originated or acquired by the relevant Series Originators in respect of a Series and then sold to a Series Portfolio Seller
<b>Series Intercreditor Deed Supplement</b>	the series intercreditor deed supplement dated on or about the relevant Issue Date between the Security Trustee and each of the Series Secured Creditors (other than Instrumentholders)
<b>Series Interest Rate Cap Agreement</b>	the series interest rate cap agreement, including the guarantee forming part of that agreement, dated on or about the Issue Date between the Issuer and the Series Interest Rate Cap Provider, in respect of a Series
<b>Series Interest Rate Cap Guarantor</b>	has the meaning given to it in the Series Interest Rate Cap Agreement for a Series
<b>Series Interest Rate Cap Provider</b>	means UBS AG, London Branch unless otherwise specified in the relevant Series Interest Rate Cap Agreement for a Series
<b>Series Interest Rate Swap Agreement</b>	the series interest rate swap agreement, including the guarantee forming part of that agreement, dated on or about the Issue Date between the Issuer and the Series Interest Rate Swap Provider, in respect of a Series
<b>Series Interest Rate Swap Guarantor</b>	has the meaning given to it in the Series Interest Rate Swap Agreement for a Series
<b>Series Interest Rate Swap Provider</b>	means UBS AG, London Branch unless otherwise specified in the relevant Series Interest Rate Swap Agreement for a Series
<b>Series Interest Shortfall Ledger</b>	each ledger in respect of the amount of all interest deferred (if any) in respect of each Class of Notes of a Series on any Distribution Date
<b>Series Irish Paying Agent</b>	HSBC Institutional Trust Services (Ireland) Limited of HSBC House, Harcourt Centre, Harcourt Street, Dublin 2 unless otherwise specified in the relevant Supplement
<b>Series Liquidity Facility</b>	the facility whereby the Issuer will be entitled from time to time on any Distribution Date in respect of each Series to make drawings up to the Liquidity Maximum Amount in respect of the relevant Series in accordance with the applicable Series Priority of Payments pursuant to the terms of the Series Liquidity Facility Agreement
<b>Series Liquidity Facility Agreement</b>	any series liquidity facility agreement dated on or about the Issue Date between the Series Liquidity Facility Provider, the Security Trustee and the Parent, in respect of a Series
<b>Series Liquidity Facility Provider</b>	the person acting as series liquidity facility provider as specified in the relevant Supplement and the Series Liquidity Facility Agreement (if any) for a Series
<b>Series Liquidity Ledger</b>	a ledger established pursuant to the relevant Series Liquidity Facility Agreement (if any) in order to record drawings from the relevant Series Liquidity Facility



<b>Series Liquidity Maximum Amount</b>	has the meaning given to it in " <i>Credit Structure – Series Liquidity Facility Agreements</i> "
<b>Series MERC Holders</b>	the holders of the Series MERCs specified in the relevant Supplement
<b>Series MERCs</b>	Mortgage Early Repayment Certificates issued in respect of a Series Portfolio as specified in the relevant Supplement
<b>Series Mortgage Servicing Agreement</b>	each series mortgage servicing agreement dated on or about the Issue Date between the Series Mortgage Servicer, the Series Portfolio Seller, the Issuer, the Security Trustee, the Series Cash Manager, the Series Calculation and Reporting Agent and the Series Administrator in respect of a Series
<b>Series Mortgage Servicer</b>	in relation to a Series, the entity appointed pursuant to the relevant Series Mortgage Servicing Agreement and as specified in the relevant Supplement
<b>Series Mortgage Special Servicing Agreement</b>	each series mortgage special servicing agreement (if any) dated on or about the Issue Date between the Series Mortgage Special Servicer, the Series Mortgage Servicer, the Series Portfolio Seller, the Issuer, the Security Trustee, the Series Cash Manager, the Series Calculation and Reporting Agent and the Series Administrator in respect of a Series
<b>Series Mortgage Special Servicer</b>	in relation to a Series, the entity (if any) appointed pursuant to the relevant Series Mortgage Special Servicing Agreement and as specified in the relevant Supplement
<b>Series MERCs Ledger</b>	a Series Mortgage Early Repayment Charges ledger in respect of Mortgage Early Repayment Charges received in connection with Loans in the related Series Portfolio
<b>Series Note Trustee</b>	HSBC Trustee (C.I.) Limited unless otherwise specified in the relevant Supplement
<b>Series Operational Account</b>	each account in which payments by Borrowers in respect of amounts due under the Loans in respect of a Series Portfolio are collected, in the majority of cases, by direct debit and credited automatically into such account, which is maintained by the relevant Series Portfolio Seller and the relevant Series Operational Account Bank
<b>Series Operational Account Bank</b>	Barclays Bank PLC unless otherwise specified in the relevant Supplement
<b>Series Operational Account Declaration of Trust</b>	each declaration of trust dated on or about the relevant Issue Date contained within the relevant Series Portfolio Purchase Agreement and given by the relevant Series Portfolio Seller in favour of the Issuer and the Security Trustee over funds standing to the credit of the relevant Series Operational Account to which the Issuer is entitled in respect of a Series
<b>Series Originator</b>	any entity specified in a relevant Supplement who is the originator or

	acquirer of any of the Loans and their Collateral Security which from time to time form part of any Series Portfolio in respect of a Series
<b>Series Paying Agents</b>	the Series Principal Paying Agent, the Series Irish Paying Agent and any other paying agent(s) which may be appointed under a Series Agency Agreement
<b>Series Performance Report</b>	a quarterly performance report prepared by each Series Calculation and Reporting Agent containing information on receipts from Series Assets as well as the administration of the Series Bank Accounts and the Series Priorities of Payments in respect of each Series
<b>Series Permitted Withdrawal</b>	has the meaning given to it in " <i>Credit Structure – Series Permitted Withdrawals</i> "
<b>Series Portfolio</b>	each portfolio of Loans purchased by the Issuer from a Series Portfolio Seller pursuant to the terms of the relevant Series Portfolio Purchase Agreement
<b>Series Portfolio Purchase Agreement</b>	the series portfolio purchase agreement dated on or about the Issue Date between each Series Originator, the Series Portfolio Seller, the Issuer, each Series Administrator and the Security Trustee in respect of a Series
<b>Series Portfolio Seller</b>	UBS AG, London Branch or any other member of the UBS Group
<b>Series Post-Acceleration Priority of Payments</b>	in respect of a Series, has the meaning given in the relevant Supplement
<b>Series Post-Enforcement Call Option</b>	an option to acquire all (but not part only) of the Notes of a Series (plus accrued interest thereon) pursuant to the terms of a Series Post-Enforcement Call Option Agreement in respect of any Series
<b>Series Post-Enforcement Call Option Agreement</b>	if specified in the applicable Supplement, the series post-enforcement call option agreement dated on or about the Issue Date between a Series Note Trustee and the PECO Holder
<b>Series Post-Enforcement, Pre-Acceleration Revenue Priority of Payments</b>	in respect of a Series, has the meaning given in the relevant Supplement
<b>Series Pre-Enforcement, Pre-Acceleration Principal Priority of Payments</b>	in respect of a Series, has the meaning given in the relevant Supplement
<b>Series Pre-Acceleration Principal Priority of Payments</b>	in respect of a Series, has the meaning given in the relevant Supplement
<b>Series Prefunded Loans Ledger</b>	a ledger in respect of Prefunded Loan Amounts established in order to record amounts received on an Issue Date and deposited in the relevant Series GIC Bank Account for the purpose of future purchase(s) of Prefunded Loans
<b>Series Prefunding Interest</b>	an amount funded by the Series Subordinated Notes for the purpose of

<b>Shortfall Amount</b>	meeting the negative costs of carry in respect of the amounts in the Series Prefunded Loans Ledger
<b>Series Prefunding Interest Shortfall Ledger</b>	a ledger in respect of Prefunded Loans established in order to record the Series Prefunding Interest Shortfall Amount on the Issue Date and deposited in the relevant Series GIC Bank Account for application as Available Revenue Funds on the dates and in the amounts specified in the relevant Supplement
<b>Series Principal Deficiency Ledger</b>	a principal deficiency ledger in respect of each Series comprising sub-ledgers as specified in the relevant Supplement established in order to record any principal deficiencies as they occur
<b>Series Principal Deficiency Sub-Ledgers</b>	principal deficiency sub-ledgers in respect of each Series as specified in the relevant Supplement established in order to record any principal deficiencies as they occur
<b>Series Principal Ledger</b>	a series principal ledger in respect of Actual Redemption Funds as defined in the relevant Supplement
<b>Series Principal Paying Agent</b>	HSBC Bank plc as principal paying agent and agent bank unless specified otherwise in the relevant Supplement
<b>Series Priorities of Payments</b>	the manner and order in which amounts received in respect of each group of Series Assets will be applied as specified in the applicable Supplement for that Series
<b>Series Pro Rata Amount</b>	in relation to a Series on any date an amount equal to the liability which is referable to the Notes of all Series multiplied by the result of (a) the aggregate of the Principal Amount Outstanding of the Notes of the relevant Series, (b) divided by the aggregate of the Principal Amount Outstanding of all Notes of each Series (other than a Series in respect of which on the immediately preceding date on which a Series Permitted Withdrawal was required to be paid or on the immediately preceding Distribution Date in respect of that Series, there was a failure to pay, in respect of Programme liabilities of the Issuer, Series Pro Rata Amounts or Series Referable Amounts payable by that Series) on such date
<b>Series Referable Amount</b>	in relation to a Series on any date an amount allocated to that Series by the Series Calculation and Reporting Agent in accordance with the relevant Series Cash Management Agreement (and where deemed necessary by the Series Calculation and Reporting Agent in consultation with the Programme Calculation and Reporting Agent) in respect of liabilities which are referable to and were incurred in relation to that Series only in the relevant period
<b>Series Registrar</b>	unless specified otherwise in the relevant Supplement, HSBC Bank USA, N.A. pursuant to the terms of the relevant Series Agency Agreement
<b>Series Reserve Fund</b>	a reserve fund established on an Issue Date in order to provide limited coverage for shortfalls in amounts as specified in the relevant Supplement due under the relevant Series Priorities of Payment

<b>Series Reserve Fund Amount</b>	the amount standing, from time to time, to the credit of the Series Reserve Ledger in respect of a Series
<b>Series Reserve Fund Determination Date</b>	has the meaning given to it in " <i>Credit Structure – Series Reserves – Series Reserve Fund</i> "
<b>Series Reserve Fund Maximum Percentage</b>	has the meaning given to it in " <i>Credit Structure – Series Reserves – Series Reserve Fund</i> "
<b>Series Reserve Fund Required Amount</b>	has the meaning given to it in " <i>Credit Structure – Series Reserves – Series Reserve Fund</i> "
<b>Series Reserve Ledger</b>	a Series ledger in respect of all amounts credited to the relevant Series Reserve Fund
<b>Series Residual Holders</b>	the holders of the Series Residuals specified in the relevant Supplement in respect of a Series
<b>Series Residual Payment</b>	a payment made on the Residuals on each relevant Distribution Date in respect of the relevant Series
<b>Series Residuals</b>	the Residual Certificates as specified in the relevant Supplement in respect of a Series
<b>Series Revenue Ledger</b>	has the meaning given to it in the relevant Supplement in respect of a Series
<b>Series Secured Creditors</b>	the creditors of a Series as specified in the applicable Series Priorities of Payments and the relevant Supplement
<b>Series Secured Liabilities</b>	all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity) of the Issuer to the Series Secured Creditors of such Series, in their capacity as the same under the Notes of such Series and/or the Series Transaction Documents in respect of a Series
<b>Series Security Deed Supplement</b>	a security deed supplement between the Issuer, the relevant Series Portfolio Seller and the Security Trustee (including each Scottish Supplemental Charge)
<b>Series Security Trust</b>	a security trust created on a Series by Series basis to which the Security created by and pursuant to the Security Deed is subject pursuant to the Intercreditor Deed
<b>Series Standby Drawing</b>	means the provision of a drawing made or to be made under the Series Liquidity Facility Agreement or a drawing deemed to be made as a result of a repayment of a Liquidity Advance into the Series Liquidity Ledger under the Series Liquidity Facility Agreement in respect of a Series
<b>Series Standby Mortgage Servicing Agreement</b>	the series standby mortgage servicing agreement dated on or about the Issue Date between the Series Portfolio Seller, the Issuer, the Series

	Administrator, the Security Trustee and the Series Standby Mortgage Servicer in respect of a Series
<b>Series Standby Mortgage Servicer</b>	means the person specified in the relevant Supplement
<b>Series Subordinated Notes</b>	Notes that may be issued fully paid on the Issue Date as specified in the relevant Supplement and if specified, will fund certain amounts in respect of the relevant Series
<b>Series Transaction Account</b>	a bank account opened by the Issuer with a Series Account Bank in respect of a Series pursuant to a Series Bank Account Agreement and the relevant mandate entered into on or about the relevant Issue Date and/or Issue Date
<b>Series Transfer Agent</b>	unless specified otherwise in the relevant Supplement, HSBC Bank USA, N.A. pursuant to the terms of the relevant Series Agency Agreement
<b>Series Trust Deed</b>	such trust deed dated on or about the Issue Date of the applicable Series and made between the Issuer and the Series Note Trustee
<b>Series USD Currency Swap Rate</b>	the U.S. dollar/sterling exchange rate under the relevant Series Currency Swap Agreement
<b>Service Levels</b>	the quality and timings of the services to be effected by a Series Mortgage Servicer as specified in the relevant Series Mortgage Servicing Agreement
<b>Service Specifications</b>	the document bearing such title set out in Schedule 2 of the Mortgage Servicing Terms as such may be varied from time to time
<b>Share Nominee</b>	SFM Nominees Limited
<b>Share Trust</b>	the declaration of trust dated on 7 March 2007 and made by the Share Nominee in relation to, <i>inter alia</i> , the holding by the Share Trustee of one ordinary share of £1.00 in the Issuer
<b>Share Trustee</b>	SFM Corporate Services Limited
<b>Short-Term Note</b>	the Class of Note specified in the relevant Supplement, other than a Note with a term of one year or less
<b>Similar Law</b>	United States federal, state or local laws which may be substantively similar to section 406 of ERISA or 4975 of the Code
<b>Small Companies</b>	certain companies classified as Small Companies by the Insolvency Act 1986 as amended the Insolvency Act 2000
<b>Special Servicing Specification</b>	the document bearing such title set out in Schedule 2 to the Mortgage Special Servicing Terms as such may be varied from time to time
<b>Specified Currency</b>	has the meaning given to it in the relevant Supplement

<b>Specified Denomination</b>	has the meaning given to it in the relevant Supplement
<b>Specified Periods</b>	has the meaning given to it in the relevant Supplement
<b>Stabilising Manager</b>	has the meaning given to it in the relevant Supplement
<b>Step-Up Date</b>	has the meaning given to it in the relevant Supplement
<b>Substitute Loan</b>	a substitute Loan transferred to the Issuer by a Series Portfolio Seller in the event that a Series Portfolio Seller is required to repurchase a Loan (other than in connection with a Further Advance) under a Series Portfolio Purchase Agreement and a Series Portfolio Seller elects to satisfy its obligation by transferring such Substitute Loan pursuant to the terms of the relevant Series Portfolio Purchase Agreement
<b>Sub-Unit</b>	with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent
<b>Supplement</b>	a supplement to this Offering Circular which comprises a Base Prospectus and which constitutes a supplementary prospectus for the purposes of the Prospectus Directive and is prepared in connection with the Programme established by the Issuer
<b>Supplemental Scottish Declaration of Trust</b>	a Scottish declaration of trust, supplemental to the Scottish Declaration of Trust, by the relevant Series Portfolio Seller in favour of the Issuer and entered into pursuant to the Portfolio Purchase Terms
<b>TARGET System</b>	Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System
<b>Talons</b>	talons attached on issue to coupons, if indicated in the relevant Supplement
<b>Temporary Global Detachable Coupon</b>	a temporary global Detachable Coupon that, if specified in the relevant Supplement, will form part of a Temporary Global Note which will be capable of being separated from the remainder of the Temporary Global Note and which will by its terms constitute a bearer instrument if so separated
<b>Temporary Global Instruments</b>	the Temporary Global Notes together with the Temporary Global Detachable Coupons
<b>Temporary Global Note</b>	a temporary bearer global note which will initially represent each Class of Bearer Notes (as indicated in the relevant Supplement) and which will be deposited on the Issue Date with the Common Depository or Common Safekeeper, as applicable
<b>Third Party Policy</b>	an insurance policy obtained by a Borrower from a third party insurer in order to insure the relevant Property
<b>Title Deeds</b>	in relation to each Loan and its Collateral Security and the Property

	relating thereto, all conveyancing deeds, certificates and documents (if any) which make up the title to the Property and the security for the Loan and all searches and enquiries undertaken in connection with the grant by the Borrower of the related Mortgage
<b>Title Insurance Policy</b>	a title insurance policy in the name of relevant Series Portfolio Seller for the benefit of the Issuer and the Security Trustee which covers one or more Properties
<b>Tranche</b>	one or more Classes of Notes identified in a Supplement and issued on the same date
<b>Transaction Documents</b>	the Programme Documents and the Series Documents
<b>Transfer Conditions</b>	eligibility conditions for the inclusion of Loans in a Series Portfolio, as specified in a Series Portfolio Purchase Agreement
<b>Treaty</b>	the treaty establishing the European Community, as amended
<b>Trust Deed Terms</b>	the trust deed terms dated on or about the Programme Date and between the Issuer and the Security Trustee
<b>UBS Investment Bank</b>	UBS Limited
<b>UBS Group</b>	UBS AG and its branches, affiliates and subsidiaries (including UBS Limited)
<b>UK</b>	United Kingdom
<b>Unfair Practices Directive</b>	the directive on unfair business-to-consumer commercial practices adopted by the European Parliament and the Council in May 2005
<b>U.S. Dollar Cost</b>	for Notes purchased with a Foreign Currency, the U.S. dollar value of the purchase price on the date of purchase or, in the case of a Note traded on an established securities market (as defined in the applicable U.S. Treasury regulations) that is purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase
<b>USD Notes</b>	has the meaning given to it in the relevant Supplement
<b>U.S. Holder</b>	a beneficial owner of Notes that is for U.S. federal income tax purposes (i) a citizen or resident of the United States; (ii) a corporation (or other entity treated as a corporation) created or organised in or under the laws of the United States or any state thereof (including the District of Columbia); (iii) any estate the income of which is subject to U.S. federal income tax regardless of its source; or (iv) any trust if a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of the trust. If a partnership holds Notes, the tax treatment of a partner generally will depend upon the status of the partner and upon activities of the partnership. Partners of partnerships holding Notes should consult their own tax advisers

<b>UTCCR</b>	Unfair Terms in Consumer Contracts Regulations 1994 (insofar as applicable) together with the 1999 Regulations
<b>Value Added Tax</b>	shall be construed as a reference to value added tax as that term is used in the Value Added Tax Act 1994 and all subsequent amendments thereto, and shall include any similar tax which may be imposed in addition thereto or in place thereof from time to time
<b>Variable Rate Note</b>	has the meaning given to it in the relevant Supplement
<b>Warranties</b>	warranties given by the relevant Series Portfolio Seller in the Portfolio Purchase Terms
<b>Zero Coupon Notes</b>	has the meaning given to it in the relevant Supplement



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