

PROSPECTUS

PALLADIUM SECURITIES 1 S.A.

*(a public limited liability company (société anonyme)
incorporated under the laws of the Grand Duchy of Luxembourg
and registered with the Luxembourg trade and companies register under number B.103.036)*

**Programme
for the
issuance of Debt Instruments and Beneficiary Shares**

Arranger

Deutsche Bank AG London

This Prospectus is dated 2nd September, 2005 and provides information with respect to various types of financial instruments which are capable of issue under the Programme.

There are risks associated with investing in the Debt Instruments and Beneficiary Shares. See "Risk Factors" commencing on page 29 of this Prospectus for a discussion of some investment considerations relating to such risks.

GENERAL DESCRIPTION OF THE PROGRAMME

Subject matter of this Prospectus

The subject matter of this document (this **Prospectus**) is the issue of notes (**Notes**), certificates (**Certificates**), warrants (**Warrants** and, together with Notes and Certificates, **Debt Instruments**) and beneficiary shares (*parts bénéficiaires*) (**Beneficiary Shares** and, together with the Debt Instruments, the **Instruments**) by the Issuer under the Programme (as defined below).

This Prospectus comprises two base prospectuses (each a **Base Prospectus** for the purposes of Article 5.4 of the Directive 2003/71/EC (the **Prospectus Directive**), one in respect of asset backed securities issued by the Issuer, and one in respect of warrants issued by the Issuer.

General

Under its Programme for the issuance of Debt Instruments and Beneficiary Shares (the **Programme**), Palladium Securities 1 S.A. (the **Issuer**) may from time to time issue Notes, Certificates, Warrants and Beneficiary Shares (which in each case may be secured or unsecured) which may provide a return based on the performance of shares, indices, debt securities, commodities, currencies, funds and/or other assets. Each issue of Instruments will be issued in one or more separate series (each, a **Series**) relating to a separate Compartment (as defined below).

Subject to the Luxembourg act dated 22nd March, 2004 on securitisation (the **Securitisation Act 2004**) and the Luxembourg act dated 10th August, 1915 on commercial companies, as amended (the **Companies Act 1915**), the board of directors of the Issuer (the **Board**) may at any time resolve to issue new Instruments and/or create within each Series one or more Tranches (as defined below).

The terms and conditions (the **Conditions**) of a Series of Debt Instruments are comprised of the General Conditions (the **General Conditions**) set out in this Prospectus, as completed, modified and amended by the relevant Final Terms (the **Final Terms**). The Debt Instruments may be issued in bearer form (**Bearer Debt Instruments**) or in registered form (**Registered Debt Instruments**).

The Conditions of a Series of Beneficiary Shares are comprised of the articles of association of the Issuer (the **Articles**) as amended from time to time and as modified, completed and amended by the relevant Final Terms. A summary of the Articles is set out on pages 90 to 101 below under the heading "Articles of Association". The Beneficiary Shares may be issued in bearer form (**Bearer Beneficiary Shares**) or in registered form (**Registered Beneficiary Shares**).

Deutsche Bank AG London of Winchester House, 1 Great Winchester Street, London EC2N 2DB (the **Arranger**) is the Arranger for the Instruments. Deutsche Bank Securities Inc. will act as dealer in respect of sales of Registered Debt Instruments in the United States or to or for the account or benefit of US persons (as defined below) under Rule 144A (as defined below), unless otherwise specified in the relevant Final Terms.

The Issuer

The Issuer is a securitisation company incorporated under the laws of the Grand Duchy of Luxembourg as a *société anonyme* (public limited liability company) on 8th September, 2004 and its activities are subject to the Securitisation Act 2004. Copies of the Articles were lodged with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) on 9th September, 2004 and the Issuer is registered with the Luxembourg trade and companies register under number B.103.036.

The Issuer has been approved by the Luxembourg financial sector and stock exchange regulator, the *Commission de Surveillance du Secteur Financier* (the **CSSF**) as a *société de titrisation* under the Securitisation Act 2004.

Application has been made to the CSSF, which is the Luxembourg competent authority for the purpose of the Prospectus Directive and relevant implementing measures in Luxembourg, for approval of this Prospectus.

The Articles were published in the *Mémorial, Recueil des Sociétés et Associations* (the **Mémorial**) on 22nd November, 2004 number C1188 on page 56978.

As and when restated versions (*statuts coordonnés*) of the Articles are produced, such restated versions will be filed with the Luxembourg trade and companies register and will be available for inspection. Each amendment of the Articles, which is subject to the prior approval of the CSSF, will be published in the *Mémorial* and, if required, in the official publications specified for the respective countries in which Instruments are sold.

Series-specific Documentation

Investors must also refer to the relevant Final Terms which sets out the specific Conditions of the relevant Series of Instruments.

A form of Final Terms for each Instrument is attached as an Annex to this Prospectus. Each form of Final Terms will be adapted as necessary to include the information required for the issue of a specific Series of Instruments and may be varied in order to comply with applicable laws and market practice in the jurisdiction in which the Instruments are offered. Without limitation to the generality of the foregoing, the Terms and Conditions of the Debt Instruments may be set out in full in the applicable Final Terms.

All holders of Instruments are entitled to the benefit of, are bound by and are deemed to have notice of, the provisions of the Articles.

Listing

Application has been made to the Luxembourg Stock Exchange for Instruments issued under the Programme during the period of 12 months from the date of this Prospectus to be admitted to trading on the Luxembourg Stock Exchange's regulated market pursuant to Investment Services Directive 93/22/EEC and to be listed on the Luxembourg Stock Exchange.

References in this Prospectus to Instruments being **listed** (and all related references) shall mean that such Instruments are intended to be admitted to trading on the Luxembourg Stock Exchange's regulated market and are intended to be listed on the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Investment Services Directive 93/22/EEC.

The Programme provides that Instruments may be listed on such other or further stock exchanges as the Issuer may determine. The Issuer may also issue unlisted Instruments.

Sale of the Instruments by the Issuer

The Instruments may be sold at such times and at such prices as the Issuer may select, subject to applicable regulations of any stock exchange on which the Instruments are listed. The Instruments may be offered or sold from time to time in one or more transactions, in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, in each case at the discretion of the Issuer. The Issuer shall not be obliged to sell all of the Instruments in

respect of any Series. The Issuer competes primarily in the market for the issuance of asset backed securities to both retail and institutional investors.

Currency References

In this Prospectus, any supplement to this Prospectus (each a **Supplement**) and any Final Terms, unless otherwise specified or the context otherwise requires, references to **dollars, US dollars, USD** and **US\$** are to United States dollars and references to **euro, EUR** and **€** are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty of European Union as amended by the Treaty of Amsterdam.

US Selling Restrictions

The Instruments have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the **Securities Act**) and trading in the Instruments has not been, and will not be, approved by the US Commodity Futures Trading Commission under the US Commodity Exchange Act, as amended. The Instruments may not be offered or sold in or into the United States or to, or for the account or benefit of, US persons (**US Persons** or each individually a **US Person**) (as defined in Regulation S under the Securities Act (**Regulation S**)) unless the Instruments are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. Instruments in bearer form are subject to US tax law requirements. The Issuer will not be registered under the United States Investment Company Act of 1940, as amended (the **Investment Company Act**).

Debt Instruments may be offered and sold in the United States or to, or for the account or benefit of, US Persons, exclusively to "qualified institutional buyers" (**QIBs**, and each a **QIB**) within the meaning given to that term in Rule 144A under the Securities Act (**Rule 144A**) that are also "qualified purchasers" (**QPs**, and each a **QP**) within the meaning given to that term in Rule 2(a)(51) of the Investment Company Act, in reliance on the exemption from registration requirements of the Securities Act provided by Rule 144A. Each US Person that purchases Debt Instruments and each purchaser of Debt Instruments offered and sold in the United States is hereby notified that the offer and sale of such Debt Instruments to it is being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A and the Issuer has agreed to furnish to investors upon request such information as may be required by Rule 144A (see "Available Information" below).

By its purchase of any Debt Instruments, each purchaser in the United States or that is a US Person shall be deemed to have agreed to the restrictions contained in any legend endorsed on the Debt Instruments purchased by it and such purchaser shall be deemed to have made to the Issuer and the seller, the Arranger and the Dealers, if applicable, the representations contained in such legend. See "Sales and Transfer Restrictions" on pages 130 to 141 of this Prospectus.

No sale or other transfer of Debt Instruments shall be permitted which would require registration of the Issuer under the Investment Company Act or registration of the Debt Instruments under the Securities Act or result in a violation of any federal or state securities law or regulation. Offers to purchase, and subsequent transfers of, Debt Instruments will be subject to the foregoing restrictions. See "Sales and Transfer Restrictions" on pages 130 to 141 of this Prospectus.

Pursuant to the Articles, no Beneficiary Shares shall be issued by the Issuer to, or may be offered or sold, directly or indirectly, in the United States or to or for the account of, any US Person or transferred to or beneficially owned by any US Person.

Application has been made to permit Debt Instruments issued under the Programme and offered and sold in the United States to QIBs that are also QPs to be designated for trading in the Private Offering Resales and Trading through Automatic Linkage System (**PORTAL**) of the National Association of Securities Dealers, Inc.

Unless otherwise specified in the relevant Supplement, each purchaser or holder of an Instrument shall be deemed to have represented by such purchase and/or holding that it is not a Benefit Plan Investor, is not using the assets of a Benefit Plan Investor to acquire the Instruments, and shall not at any time hold such Instruments for or on behalf of a Benefit Plan Investor. For the purposes of this Prospectus, **Benefit Plan Investor** means (a) an employee benefit plan (as defined in Section 3(3) of the US Employee Retirement Income Security Act of 1974, as amended (**ERISA**)), whether or not subject to ERISA, (b) a plan described in Section 4975(e)(1) of the US Internal Revenue Code of 1986, as amended (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 US Department of Labor Regulations § 2510.3-101 (29 C.F.R. § 2510.3-101). **TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, NOTEHOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS DOCUMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY NOTEHOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON NOTEHOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) NOTEHOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.**

Bearer Debt Instruments are subject to US 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 US tax regulations. Terms used in this paragraph have the meanings given to them by the Internal Revenue Code and the regulations promulgated thereunder.

For a description of further restrictions on the offer, sale and transfer of the Instruments, please refer to "Important Notice" on page 7 and to "Sales and Transfer Restrictions" on pages 130 to 141 of this Prospectus.

NOTICE TO NEW HAMPSHIRE RESIDENTS: NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE 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 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 Debt Instruments, the Issuer will be required pursuant to the relevant Series Instrument (as defined below) in connection with the relevant Debt Instruments offered and sold to US Persons in reliance on Rule 144A to furnish, upon request of any holder of such Debt Instrument, to such holder and a prospective purchaser designated by such holder, 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 not a reporting company under Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended (the **Exchange Act**), or exempt from reporting pursuant to

Rule 12g3-2(b) under the Exchange Act. All information made available by the Issuer pursuant to the terms of this paragraph may also be obtained during usual business hours free of charge at the office of the Transfer Agent in Luxembourg.

Definitions

Unless the context otherwise requires, or as otherwise provided in this Prospectus, any Supplement or the relevant Final Terms, capitalised words and expressions shall bear the respective meanings ascribed thereto under the heading "Definitions" in "General Conditions – Debt Instruments" and/or "Articles of Association".

IMPORTANT NOTICE

This Prospectus has been prepared, *inter alia*, for the purpose of providing information with regard to the Issuer and the Instruments. The Issuer (the **Responsible Person**) accepts responsibility for the information contained in this Prospectus (other than any information contained in any Supplement or Final Terms for which the Issuer is stated therein not to be responsible). To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

Neither the delivery of this Prospectus nor any sale made in connection with this Prospectus, any Supplement or any Final Terms, shall at any time imply that the information contained in this Prospectus, any Supplement or any Final Terms, is correct at any time subsequent to the date of this Prospectus, any Supplement or any Final Terms, or that any further information supplied in connection with the Instruments is correct as of any time subsequent to the date indicated in the document containing the same.

No person has been authorised to give any information or to make representations other than those contained in this Prospectus, any Supplement or any Final Terms in connection with the issue or sale of the Instruments and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Arranger or the Trustee.

None of this Prospectus, any Supplement, any Final Terms or any further information supplied in connection with the Instruments is intended to provide the basis of any credit or other evaluation, and none of this Prospectus, any Supplement, any Final Terms or any such further information should be considered as a recommendation by the Issuer, the Arranger and/or the Trustee that any recipient of this Prospectus or any further information supplied in connection with the Instruments should purchase any Instruments. Each investor contemplating purchasing Instruments should make its own independent investigation of the risks involved in an investment in the Instruments. The Instruments have not been recommended by any US federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Prospectus, any Supplement or any Final Terms. Any representation to the contrary is a criminal offence. None of this Prospectus, any Supplement, any Final Terms or any other information supplied in connection with the Instruments constitutes an offer by or on behalf of the Issuer and/or the Arranger or any other person to purchase any Instruments.

None of the Arranger, any Dealer, the Trustee, any Hedging Counterparty, any Repurchase Counterparty or any Calculation Agent has separately verified the information contained in this Prospectus or in any Supplement or any Final Terms and accordingly none of the Arranger, any Dealer, the Trustee, any Hedging Counterparty, any Repurchase Counterparty or any Calculation Agent makes any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained in this Prospectus or in any Supplement or any Final Terms or in any further information, notice or other document which may at any time be supplied in connection with the Instruments or their distribution and none of them accepts any responsibility or liability therefor. Neither the Arranger nor the Trustee undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in any Instruments of any information coming to the attention of either the Arranger or the Trustee.

The distribution of this Prospectus or any Supplement or any Final Terms, and the offering or sale of the Instruments in certain jurisdictions may be restricted by law. None of the Issuer, the

Arranger or the Trustee represents that this document may be lawfully distributed, or that any Instruments may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any distribution or offering. Accordingly, no Instruments may be offered or sold, directly or indirectly, and none of this Prospectus, any Supplement, any Final Terms, any advertisement relating to any Instruments and any 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 Prospectus, any Supplement or any Final Terms comes are required by the Issuer and the Arranger to inform themselves about and to observe any such restrictions. For a description of certain restrictions on the sale and transfer of the Instruments, please refer to "Sales and Transfer Restrictions" on pages 130 to 141 of this Prospectus.

This document contains forward-looking statements. Forward-looking statements are statements that are not historical facts, including statements about the Issuer's beliefs and expectations. Any statement in this Prospectus that states the Issuer's intentions, beliefs, expectations or predictions (and the assumptions underlying them) is a forward-looking statement. These statements are based on plans, estimates, and projections as they are currently available to the management of the Issuer. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could therefore cause actual results of the Issuer or of the Instruments to differ materially from those contained in any forward-looking statement. Without limiting the generality of the foregoing, the inclusion of forward-looking statements in this Prospectus should not be regarded as a representation by the Issuer, the Arranger, any Dealer, any Trustee, any Hedging Counterparty, any Repurchase Counterparty, any Calculation Agent, any of the respective affiliates of the foregoing or any other person of the results that will actually be achieved by the Instruments. None of the foregoing persons has any obligation to update or otherwise revise any forward-looking statements, including revisions to reflect changes in any circumstances arising after the date of this Prospectus relating to any assumptions or otherwise.

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SUMMARY OF THE PROGRAMME AND THE TERMS AND CONDITIONS OF THE INSTRUMENTS

This summary must be read as an introduction to this Prospectus and any decision to invest in any Instruments should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference. No civil liability will attach to the Responsible Persons in respect of this summary, including any translation of this Prospectus, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to information contained in this Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Prospectus before the legal proceedings are initiated.

PART I - GENERAL

Under the Programme, the Issuer, subject to compliance with all relevant laws, regulations and directives, may from time to time issue Notes, Certificates, Warrants and Beneficiary Shares (which in each case may be secured or unsecured) and in conjunction therewith may from time to time buy, sell or enter into options, swaps or repurchases, substantially on the terms set out in the relevant Base Prospectus included in this Prospectus and further set out in the Final Terms for that issue. The Instruments may provide a return calculated by reference to shares and/or indices and/or debt securities and/or commodities and/or currencies and/or funds and/or other assets (each an **Underlying**).

The Debt Instruments of each Series issued under the Programme are constituted by a Series Instrument (as amended, supplemented and/or restated from time to time, each a **Series Instrument**) dated the relevant Issue Date (as specified in the relevant Final Terms) between, *inter alios*, the Issuer, any party to the relevant Hedging Agreement (the **Hedging Counterparty**) and the Trustee as specified in the relevant Final Terms. If so specified in the relevant Final Terms, Debt Instruments may (but are not required to) be secured by the relevant Series Instrument and/or (if and to the extent so specified in the relevant Final Terms) by the separate charging document(s) referred to therein (each a **Charging Document**).

The Beneficiary Shares of each Series issued under the Programme are constituted by Final Terms dated the relevant Issue Date (as specified in the relevant Final Terms) and approved by a resolution of the Board which supplements the Articles. If so specified in the relevant Final Terms, Beneficiary Shares may (but are not required to be) secured by the relevant Series Instrument and/or (if and to the extent so specified in the relevant Final Terms) by the separate Charging Documents referred to therein.

Rankings within each Series of Instruments

In respect of each Series, unless otherwise specified in the relevant Final Terms, the respective rankings for priority of the interests of the Instrumentholders of each Series and of each Hedging Counterparty and each other party entitled to the proceeds of the Series Assets shall be as follows: in respect of Debt Instruments all such proceeds shall be applied first *pro rata* in payment of all fees, costs, charges, expenses, liabilities and other amounts incurred by or payable to the Trustee or any receiver, secondly *pro rata* in payment of any amounts owing to each Hedging Counterparty, thirdly *pro rata* in payment of any amounts outstanding to the Instrumentholders and fourthly in respect of any balance to the Issuer, each all in accordance with General Condition 6.5 (Application of Proceeds of Series Assets); and, in respect of Beneficiary Shares, all such proceeds shall be applied first *pro rata* in payment of all fees, costs, charges, expenses, liabilities and other amounts (other than amounts referred to in the following provisions) relating to the Series, secondly *pro rata* in payment of any amounts owing to each Hedging Counterparty

and thirdly *pro rata* in payment of any amounts outstanding to the Beneficiary Shareholders in accordance with the Articles (see "Articles of Association – (b) Compartments").

Each Series of Debt Instruments and Beneficiary Shares may be either secured or unsecured.

Only if so provided in the relevant Final Terms, a Series of Debt Instruments or Beneficiary Shares will be secured by a first fixed charge on and/or an assignment of and/or other security interest in favour of the Trustee in the Series Instrument over or in respect of certain bonds and notes (which may be equity-linked), shares, gilts, cash deposits denominated in any currency, futures, options, swaps, derivatives and similar instruments, invoices, receivables, leases and loan and lease portfolios, bills of exchange, acceptance credits and all other documents of title relating to the movement of goods, commercial paper, promissory notes and any other negotiable or transferable instruments and/or any other financial obligations assigned to or acquired by the Issuer or any other agreed assets (the **Collateral**) owned or entered into by the Issuer and by a first fixed charge in favour of the Trustee over the Issuer's right to all funds held from time to time by the Agents (as defined in this Prospectus) for payments due under the Debt Instruments of such Series and may also be secured by an assignment in favour of the Trustee of the Issuer's rights under an interest rate and/or currency and/or other exchange agreement (the **Hedging Agreement**) or a repurchase agreement (the **Repurchase Agreement**), together with such additional security, if any, as may be described in the relevant Final Terms. The obligations of the Issuer under a Hedging Agreement to a Hedging Counterparty to such Hedging Agreement may also be secured by certain assets comprised in the Series Assets.

Claims against the Issuer by the Instrumentholders of a particular Series and, if applicable, each Hedging Counterparty and each other Series Party will be limited to the Series Assets applicable to that Series. If the net proceeds of the realisation of the Series Assets and (in the case of secured Instruments) the enforcement of the security for any Series are not sufficient to make all payments due in respect of the Instruments of that Series and, if applicable, due to each Hedging Counterparty and each other Series Party, no other assets of the Issuer will be available to meet such shortfall and the claims of Instrumentholders and, if applicable, any such Hedging Counterparty or Series Party in respect of any such shortfall shall be extinguished and no such party will be able to petition for the winding-up of the Issuer as a consequence of any such shortfall.

Listing

Application may be made to the Luxembourg Stock Exchange for certain Series of Instruments issued under the Programme during the period of 12 months from the date of this Prospectus to be admitted to trading on the Luxembourg Stock Exchange's regulated market pursuant to Investment Services Directive 93/22/EEC and to be listed on the Luxembourg Stock Exchange.

Instruments may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the Arranger in relation to the Series. Instruments which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Instruments are to be listed and/or admitted to trading and, if so, on which stock exchange(s) and/or markets.

Form - Debt Instruments

The Debt Instruments may be issued in bearer form or in registered form as specified in the relevant Final Terms.

A Series of Bearer Debt Instruments to be sold to non-US persons in "offshore transactions" within the meaning of Regulation S shall be represented by interests in a permanent global Debt Instrument in bearer form (each a **Bearer Global Debt Instrument**), without interest coupons (in the case of Notes), which may be deposited on the relevant Issue Date with a common depository

on behalf of Euroclear Bank S.A./N.V. as operator of the Euroclear System (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**), or with Clearstream Banking AG (**Clearstream, Frankfurt**), or with such other clearing agent as is approved by the relevant Issuer, the Principal Agent (as defined below), the Arranger and the Trustee and specified in the relevant Final Terms.

A Series of Bearer Debt Instruments may also be represented by interests in a Bearer Global Debt Instrument, without interest coupons (in the case of Notes), which, in accordance with a deposit and custody agreement (the **Deposit and Custody Agreement**) among Deutsche Bank AG London, as holder of the Bearer Global Debt Instrument (the **Depository Bank**) and Deutsche Bank Luxembourg S.A., as custodian of the Bearer Global Debt Instrument for the account of the Depository Bank (the **Custodian Bank**), the Trustee and the Issuer, will be deposited on the relevant Issue Date with the Custodian Bank on behalf of, and for the account of, the Depository Bank. The Depository Bank will issue two permanent Book-Entry Global Receipts, in registered form, which together shall evidence the Debt Instruments represented by the Bearer Global Debt Instrument. One such Book-Entry Global Receipt (the **Reg S Global Receipt**) will evidence the Debt Instruments represented by such Bearer Global Debt Instrument sold to non-US persons in "offshore transactions" within the meaning of Regulation S and the other such Book-Entry Global Receipt (the **144A Global Receipt**) will evidence the Debt Instruments represented by such Bearer Global Debt Instrument sold in the United States or to, or for the account or benefit of, US Persons, exclusively to QIBs that are also QPs. The Reg S Global Receipt and the 144A Global Receipt shall be registered in the name of The Depository Trust Company (**DTC**) or its nominee and deposited with a custodian for DTC for crediting to the respective accounts of the holders of the relevant Book-Entry Global Receipt at DTC.

Unless otherwise provided in the relevant Final Terms, Registered Debt Instruments of each Series or Tranche to be sold to non-US persons in "offshore transactions" within the meaning of Regulation S will be represented by interests in a permanent global security in registered form, without interest coupons (in the case of Notes) (each a **Reg S Global Debt Instrument**), which will be registered in the name of a nominee for, and shall be deposited on its issue date with a common depository on behalf of Euroclear and Clearstream, Luxembourg, or with Clearstream, Frankfurt, or with such other clearing agent as is approved by the relevant Issuer, the Principal Agent, the Arranger and the Trustee and specified in the relevant Final Terms.

Unless otherwise provided in the relevant Final Terms, Registered Debt Instruments of each Series or Tranche to be sold in the United States or to, or for the account or benefit of, US Persons, exclusively to QIBs who are also QPs, will be represented by a restricted permanent global security in registered form, without interest coupons (in the case of Notes) (a **Restricted Global Debt Instrument**) registered in the name of DTC or its nominee and deposited with a custodian for DTC.

Debt Instruments in definitive form will not be issued.

Form - Beneficiary Shares

The Beneficiary Shares will be issued from time to time pursuant to a resolution of the Board in accordance with the Articles and each Series of Beneficiary Shares held by an investor directly as a Beneficiary Shareholder may be transferred in accordance with the Articles. The Registrar shall be responsible for maintaining the Share Register and recording all issues and transfers of Beneficiary Shares. Transfers made by any investor who maintains an account with a Clearing Agent for the purposes of investing in the Beneficiary Shares (an **Accountholder**) within any Clearing Agent will not be registered on the Share Register as the relevant Clearing Agent (or its nominee) will remain the registered Beneficiary Shareholder. Pursuant to the Articles, no Beneficiary Shares shall be issued by the Issuer to or may be offered or sold, directly or indirectly, in the United States or to or for the account of any US Person or transferred to or beneficially owned by any US Person.

Unless otherwise requested by an applicant, share certificates will be issued to and registered in the name of the relevant Clearing Agent (or its nominee) nominated by or on behalf of the applicant by the Arranger or other nominee service provider, as the case may be, that is recognised and accepted by the relevant clearing system, including Euroclear, Clearstream, Luxembourg and Clearstream, Frankfurt.

Interests in Beneficiary Shares may be transferred within any Clearing Agent in accordance with the relevant Clearing Agent's rules and procedures. Further information is set out in this Prospectus under Part III of this summary.

Repurchase Agreements

The Issuer may, if specified in the relevant Final Terms in relation to the Debt Instruments of a particular Series, enter into a Repurchase Agreement, subject to such terms as each Relevant Rating Agency (as defined in General Conditions – Debt Instruments) may require if such Debt Instruments either have been or will be rated by such Relevant Rating Agency, and such other terms and conditions as are specified in this Prospectus and in the terms of such Debt Instruments.

Ratings

Each Series of Instruments may be rated by one or more Relevant Rating Agencies. Unrated Instruments may also be issued provided that each Relevant Rating Agency has reviewed the terms of such Instruments and confirmed in writing that all its current rating(s) of Instruments then in force will not be adversely affected by the issue of such unrated Instruments. Any rating of any Instruments will be specified in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold Instruments and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency at its own discretion. The Trustee shall be entitled to assume, for the purpose of exercising any power, trust, duty or discretion under or in relation to the Series Instrument or any other document in respect of a Series, that such exercise will not be materially prejudicial to the interests of the relevant Instrumentholders if each Relevant Rating Agency has confirmed in writing that its current rating(s) of the relevant Instruments then in force will not be adversely affected by such exercise.

The Issuer

The Issuer is a securitisation company incorporated under the laws of the Grand Duchy of Luxembourg as a *société anonyme* (public limited liability company) on 8th September, 2004 and its activities are subject to the Securitisation Act 2004. Copies of the Articles were lodged with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) on 8th September, 2004 and the Issuer is registered with the Luxembourg trade and companies register under number B.103.036.

The registered office of the Issuer is at 2, Boulevard Konrad Adenauer, L-1115 Luxembourg.

So long as any of the Debt Instruments remain outstanding, the Issuer will be subject to the restrictions set out in the Terms and Conditions of the Debt Instruments and the Articles.

The estimated amount of the preliminary expenses of the Issuer are €25,000 and are payable by the Arranger.

The corporate objects of the Issuer set out in the Articles, are the issue of Instruments based on investor demand and expenses in connection with such issuance.

The Issuer has, and will have, no assets other than the sum of EUR 249,999.75 representing the issued and paid-up share capital and share premium, such expenses (as agreed) per issue

payable to it in connection with the issue of Instruments or the purchase, sale or incurring of other obligations and any assets of any series. Save in respect of the expenses generated in connection with each issue of Instruments, any related profits and the proceeds of any deposits and investments made from such expenses or from amounts representing the Issuer's issued and paid-up share capital and share premium, the Issuer will not accumulate any surpluses.

The Debt Instruments are obligations of the Issuer alone and not of, or guaranteed in any way by, the Share Trustees. Furthermore, they are not obligations of, or guaranteed in any way by, the Arranger, the Hedging Counterparty or any Agent.

Risk Factors

There are certain factors that are specific to the Issuer which may affect the Issuer's ability to fulfil its obligations under Instruments issued under the Programme. Prospective investors should consider all information provided in this Prospectus, any Supplement and any Final Terms and should consult with their own professional advisers if they consider it necessary. The following describes risk factors relating to the Issuer's ability to meet its obligations under the Instruments.

Securitisation Act 2004 and Compartments

The Issuer is established as a *société de titrisation* within the meaning of the Securitisation Act 2004 which provides that claims against the Issuer by holders of each Series of Debt Instruments will be limited to the net assets of the relevant Series included in the relevant Compartment. Further, under the Securitisation Act 2004, the proceeds of the Series Assets (as defined below for the purposes of any Series of Instruments generally and as defined in Condition 6.1 for the purposes of the Debt Instruments being issued hereunder) for each Series are available only for distribution to the specified Instrumentholders and other creditors relating to such Series (each such party, a **Series Party**). A creditor of the Issuer may have claims against the Issuer in respect of more than one Series, in which case the claims in respect of each individual Series will be limited to the Series Assets relating to such Series only.

The Board may establish one or more compartments (together the **Compartments** and each a **Compartment**) each of which is a separate and distinct part of the Issuer's estate (*patrimoine*) and which may be distinguished by the nature of acquired risks or assets, the Conditions of the Instruments issued in relation to the Compartment, the reference currency or other distinguishing characteristics. The rights of holders of Instruments issued in respect of a Compartment and the rights of creditors are limited to the assets of that Compartment, where these rights relate to that Compartment or have arisen at the occasion of the constitution, the operation or the liquidation of the relevant Compartment. The assets of a Compartment are available only to satisfy the rights of holders of Instruments issued in relation to that Compartment and the rights of creditors whose claims have arisen at the occasion of the constitution, the operation or the liquidation of that Compartment.

Limited Recourse

The right of Instrumentholders of any Series issued in respect of, and allocated to, each Compartment to participate in the assets of the Issuer is limited to the Series Assets relating to such Series. If the payments received by the Issuer in respect of the Series Assets are not sufficient to make all payments due in respect of the Instruments, then the obligations of the Issuer in respect of the Instruments of that Series will be limited to the Series Assets of the Compartment in respect of that Series, as specified in the General Conditions and the relevant Final Terms (in the case of Debt Instruments) or the Articles and the relevant Final Terms (in the case of Beneficiary Shares). The Issuer will not be obliged to make any further payment for any Series of Instruments in excess of amounts received upon the realisation of the Series Assets in respect of that Series. Following application of the proceeds of realisation of the relevant Series Assets in accordance with the relevant Conditions, the claims of the relevant Instrumentholders, the relevant Hedging Counterparties (if any) and any other Series Parties for any shortfall shall be extinguished and the relevant Instrumentholders, the relevant Hedging Counterparties (if any) and

the other Series Parties (and any person acting on behalf of any of them) may not take any further action to recover such shortfall.

In particular, no such party will be able to petition for the winding-up of the Issuer. Failure to make any payment in respect of any such shortfall shall in no circumstances constitute an event of default under the relevant Conditions. Any shortfall shall be borne by the Instrumentholders, each Hedging Counterparty (if any) and any other Series Party of the relevant Series in respect of which the Debt Instruments have been issued according to the priorities specified in the Conditions.

PART II - DEBT INSTRUMENTS

The following summary of the Debt Instruments does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to each Series, the relevant Final Terms relating to such Series of Debt Instruments. Words and expressions defined or used in "General Conditions – Debt Instruments" or in the relevant Final Terms shall have the same meaning in this Prospectus. Each reference in this summary to "General Conditions" is a reference to the "General Conditions – Debt Instruments".

Issuer: Palladium Securities 1 S.A. The Issuer will create a separate compartment in respect of the Debt Instruments to which all the assets and liabilities relating to the Debt Instruments will be allocated (see further "Compartments" below).

Description: Programme for the issuance of secured and unsecured Debt Instruments.

Debt Instruments: Notes, Certificates and Warrants.

Warrants are tradable securities which entitle the holder on exercising an option to receive payment of a cash amount or delivery of an asset amount, in each case from the Issuer. The relevant cash amount or asset amount will be determined by reference to the value at given times of a share, an index, or other assets (each, a **Relevant Asset**). In addition to exercise of the relevant option, it may be a precondition to receiving any cash amount or asset amount that the holder of a Warrant pays certain amounts or makes certain deliveries to the Issuer. To the extent that the value of such cash amount or asset amount (after taking into account any precondition) is zero or less a Warrant is said to be "out of the money". To the extent that such value is greater than zero a Warrant is said to be "in the money".

Warrants issued under the Programme will be automatically exercised on the date specified in the relevant Final Terms (the **Exercise Date**). Subject to any preconditions specified in the Final Terms, a holder of a Warrant will on the date specified in the relevant Final Terms (the **Settlement Date**) receive payment of a cash amount and/or physical delivery of an Underlying Asset on such terms as are set out in the relevant Final Terms. If the Issuer is unable to deliver an Underlying Asset on the Settlement Date, the terms of the Warrant may provide that the Issuer may instead pay to the holder of the Warrant an amount calculated as specified in the relevant Final Terms.

In the case of a cash settled call Warrant linked to a Relevant Asset, the holder of the Warrant typically has an option to receive from the Issuer the excess (if any) of the price or level of the Relevant Asset (the **Reference Level**) on a date (a **Valuation Date**) relative to the price or level of the Underlying Asset (or a proportion of such price or level) on the trade date of the Warrant or such other price or level as is specified in the relevant Final Terms (the **Exercise Price**).

In the case of a cash settled put Warrant linked to a Relevant Asset, the holder of the Warrant has an option to receive from the Issuer the excess (if any) of the Exercise Price relative to the Reference Level.

In the case of a physically settled call Warrant, the holder of the Warrant has an option to receive delivery of an Underlying Asset subject to the payment of the Exercise Price.

Arranger:

Deutsche Bank AG London or as otherwise specified in the relevant Final Terms.

Dealer:

Deutsche Bank AG London as dealer or as placement agent of the Issuer in respect of sales of Restricted Global Debt Instruments in the United States unless otherwise specified in the relevant Final Terms.

Compartments:

A separate compartment will be created by the board of directors of the Issuer in respect of each Series of Debt Instruments (each a **Compartment**). The Compartment is a separate part of the Issuer's assets and liabilities. The Series Assets are exclusively available to satisfy the rights of the holders of the relevant Series of Debt Instruments and the rights of the creditors whose claims have arisen at the occasion of the creation, the operation or the liquidation of the Compartment, as contemplated by the Articles of association of the Issuer.

Series Assets:

All relevant details relating to the Series Assets will be set out in the relevant Final Terms. The Series Assets in respect of a Series may or may not include any Collateral.

Security:

The relevant Final Terms will specify whether the Series Assets will be subject to any

security in favour of the Trustee for the benefit of itself and the Series Parties. If the Debt Instruments are secured (such secured securities, **Secured Debt Instruments**), all relevant details relating to such security will be set out in the relevant Final Terms.

Series Parties:

Only the parties specifically identified as Series Parties in the relevant Final Terms will be entitled to share in the proceeds of the Series Assets and (in the case of Secured Debt Instruments) entitled to the benefit of the security as specified in the relevant Final Terms.

Issue Price:

As specified in the relevant Final Terms.

Specified Denominations:

Subject as provided below, as specified in the relevant Final Terms.

Debt Instruments will be issued in such denominations as may be specified in the applicable Final Terms save that the minimum denomination of each will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, and save that the minimum denomination of each Debt Instrument 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 €1,000 (or, if the Debt Instruments are denominated in a currency other than euro, the equivalent amount in such currency).

Minimum Denominations:

As specified in the relevant Final Terms.

Series and Tranches:

Debt Instruments will be issued in Series. Each Series may comprise one or more tranches of Debt Instruments forming the whole or part of a Series (each, a **Tranche**). Where a Series comprises only one Tranche, that Tranche represents the entire Series. Where more than one Tranche is issued, each Tranche may have different rights and obligations to other Tranches within the same Series. Investors will be able to select the Tranche(s) of Debt Instruments for which they wish to subscribe if different Tranches are offered.

Hedging and Repurchases:

Any hedging or repurchase transaction entered into in connection with Debt Instruments of any Series by the Issuer will be a limited recourse obligation of the Issuer and will be on the terms set out in the relevant Final Terms.

Currencies:

Subject to compliance with all relevant laws, regulations and directives, Debt Instruments may be issued in such currency or currencies as the Issuer determines.

Issuer Call Option:

The relevant Final Terms will state whether the Debt Instruments may be cancelled early at the option of the Issuer and, if so, the terms applicable to such cancellation, including the determination of the Optional Redemption Amount (if any) payable in respect of each Debt Instrument as a consequence thereof.

Mandatory Cancellation:

Unless otherwise specified in the relevant Final Terms, the Debt Instruments will be subject to mandatory cancellation upon the occurrence of certain events with respect to the Collateral. If the mandatory cancellation conditions apply, such Debt Instruments shall be cancelled and the Issuer shall pay the Early Termination Amount (if any) in respect of each Debt Instrument as provided in the relevant Final Terms if: (i) all or some of the Collateral relating to a Series of Debt Instruments becomes repayable prior to the stated maturity date of such Collateral or (ii) there is a payment default in respect of any such Collateral or (iii) if there is early termination of any Hedging Agreement or Repurchase Agreement (if any) relating to a Series of Debt Instruments. The Hedging Agreement(s) may be terminated in a number of circumstances as set out in the relevant Final Terms. See General Condition 5 (*Early Cancellation, Purchases and Options*).

Status of Debt Instruments:

The Debt Instruments of each Series will be limited recourse obligations of the Issuer, ranking *pari passu* without any preference among themselves (unless otherwise specified in the relevant Final Terms). If so specified in the relevant Final Terms, a Series of Debt Instruments may also be secured in the manner described in "General Conditions". Claims against the Issuer by Debt Instrument holders of a particular Series and, if applicable, each Hedging Counterparty and each Series Party will be limited to the Series Assets applicable to that Series. If the net proceeds of the realisation of the Series Assets for any

Series are not sufficient to make all payments due in respect of the Debt Instruments of that Series and, if applicable, due to each Hedging Counterparty and each other Series Party in relation to such Series, no other assets of the Issuer will be available to meet such shortfall and the claims of the holders of the Debt Instruments and, if applicable, any such Hedging Counterparty or other Series Party in respect of any such shortfall shall be extinguished and no party will be able to petition for the winding-up of the Issuer as a consequence of any such shortfall. Claims of Debt Instrumentholders and, if applicable, any Hedging Counterparty in respect of any Series of Debt Instruments and each other Series Party (if any) for such Series shall rank in accordance with General Condition 6.4 (*General provisions relating to security (if applicable)*).

Form of Debt Instruments:

The Debt Instruments may be issued in bearer form or in registered form as specified in the relevant Final Terms.

A Series of Bearer Debt Instruments to be sold to non-US persons in "offshore transactions" within the meaning of Regulation S shall be represented by a permanent global Debt Instrument (each a **Bearer Global Debt Instrument**, without interest coupons (in the case of Notes), which may be deposited on the relevant Issue Date with a common depository on behalf of Euroclear and Clearstream, Luxembourg, or with Clearstream, Frankfurt, or with such other clearing agent as is specified in the relevant Final Terms.

A Series of Bearer Debt Instruments may also be represented by interests in a Bearer Global Debt Instrument, without interest coupons (in the case of Notes), which, in accordance with a deposit and custody agreement (the **Deposit and Custody Agreement**) among Deutsche Bank AG London, as holder (the **Depositary Bank**) of the Bearer Global Debt Instrument, Deutsche Bank Luxembourg S.A., as custodian (the **Custodian Bank**) for the Bearer Global Debt Instrument for the account of the Depositary Bank, the Trustee and the Issuer, will be deposited on the relevant Issue Date with the Custodian Bank on behalf of, and for the account of, the Depositary Bank. The Depositary Bank will issue two permanent Book-Entry Global Receipts, in registered form, which together shall evidence the Bearer

Global Debt Instrument. One such Book-Entry Global Receipt (the **Reg S Global Receipt**) will evidence the Debt Instruments represented by such Bearer Global Debt Instrument sold to non-US persons in "offshore transactions" within the meaning of Regulation S and the other such Book-Entry Global Receipt (the **144A Global Receipt**) will evidence the Debt Instruments represented by such Bearer Global Debt Instrument sold in the United States or to, or for the account or benefit of, US Persons, exclusively to QIBs that are also QPs. The Reg S Global Receipt and the 144A Global Receipt shall be registered in the name of DTC or its nominee and deposited with a custodian for DTC for credit to the respective accounts of the holders of the relevant Book-Entry Global Receipt at DTC.

Registered Debt Instruments of each Series or Tranche to be sold to non-US persons in "offshore transactions" within the meaning of Regulation S will be represented by interests in a Reg S Global Debt Instrument issued and deposited with Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt, or such other clearing agent as specified in the relevant Final Terms. Beneficial interests in a Reg S Global Debt Instrument may only be transferred under the conditions set forth in General Condition 2.4(B) below and in accordance with all applicable sale and transfer restrictions.

Registered Debt Instruments of each Series or Tranche to be sold in the United States or to, or for the account or benefit of, US Persons, exclusively to QIBs who are QPs will be represented by a Restricted Global Debt Instrument registered in the name of DTC or its nominee and deposited with a custodian for DTC. Beneficial interests in a Restricted Global Debt Instrument may only be transferred under General Condition 2.4(C) and in accordance with all applicable sale and transfer restrictions.

Negative Pledge/Restrictions:

There is no negative pledge. However, so long as any of the Debt Instruments remain outstanding, the Issuer will not, without the prior written consent of the Trustee and each Hedging Counterparty incur any indebtedness for moneys borrowed or raised other than in respect of Permitted Investments or Permitted Indebtedness (each as defined in General Condition 8.1.1 (*Restrictions*)), engage in any

activity other than certain activities related to the Debt Instruments or any Permitted Investment or Permitted Indebtedness, as described in General Condition 8 (*Restrictions*), have any subsidiaries or employees, purchase, own or otherwise acquire any real property (other than by entering into a lease in respect of office premises, on a strictly limited recourse basis), consolidate or merge with any other person or issue any Ordinary Shares.

Cross Default:

None.

Withholding Tax - Debt Instruments:

All payments by the Issuer in respect of the Debt Instruments shall be made subject to any withholding or deduction for, or on account of, any applicable taxation (see General Condition 4.4 (*Taxation*)).

Withholding Tax - Hedging Agreements:

Neither the Issuer nor any Hedging Counterparty is obliged under any Hedging Agreement to gross up payments to be made by it to the other if withholding taxes are imposed on such payments, but the relevant Hedging Agreement is terminable in such event.

Fungible Issues:

Unless otherwise provided in the relevant Final Terms, the Issuer may from time to time issue further Debt Instruments of any Series on the same terms as existing Debt Instruments and on terms that such further Debt Instruments shall be consolidated and form a single series with such existing Debt Instruments of the same Series; provided that, unless otherwise approved by Extraordinary Resolution of Debt Instrumentholders of the relevant Series, the Issuer shall provide additional assets to form part of the Series Assets (and, in the case of Secured Debt Instruments, as security) for such further Debt Instruments and existing Debt Instruments in accordance with General Condition 14 (*Further Issues*).

Governing Law of Debt Instruments:

English law or New York Law (as specified in the relevant Final Terms).

Listing:

Debt Instruments of any Series may, if so specified in the relevant Supplement, be listed on a stock exchange as specified in the relevant Final Terms. Unlisted Debt Instruments may also be issued.

Selling Restrictions:

There are selling restrictions in relation to the United States, the European Economic Area (including the United Kingdom, Italy, Spain and

Switzerland) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Debt Instruments. (See "Subscription, Sale and Transfer Restrictions" below).

Rating:

Each Series of Debt Instruments may be rated by one or more Relevant Rating Agencies. Unrated Debt Instruments may also be issued provided that each Relevant Rating Agency has reviewed the terms of such Debt Instruments and confirmed in writing that all its current rating(s) of rated Debt Instruments then in force will not be adversely affected by the issue of such unrated Debt Instruments. Any rating of any Debt Instruments issued hereunder will be specified in the relevant Final Terms. A security rating is not a recommendation to buy, sell or hold Debt Instruments and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency at its discretion. A suspension, reduction or withdrawal of the rating assigned to the Debt Instruments may adversely affect the market price of the Debt Instruments.

Use of Proceeds:

The net proceeds from each issue of Debt Instruments will be used to acquire the Collateral (if any) comprised in the Series Assets in respect of the relevant Debt Instruments, to pay for, or enter into, any Hedging Agreement(s) in connection with such Debt Instruments and to pay expenses in connection with the administration of the Issuer or the issue of the Debt Instruments.

Risk Factors:

Prospective investors should consider all information provided in this Prospectus, any Supplement and any Final Terms and should consult with their own professional advisers if they consider it necessary.

Claims against the Issuer by holders of each Series of Debt Instruments will be limited to the net assets of the relevant Series included in the relevant Compartment.

The rights of holders of Instruments issued in respect of a Compartment and the rights of creditors are limited to the assets of that Compartment, where these rights relate to that Compartment or have arisen at the occasion of the constitution, the operation or the liquidation of the relevant Compartment. The assets of a Compartment are available only to satisfy the rights of holders of Instruments issued in relation to that Compartment and the rights of creditors whose claims have arisen at the occasion of the constitution, the operation or the liquidation of that Compartment.

The right of Instrumentholders of any Series issued in respect of, and allocated to, each Compartment to participate in the assets of the Issuer is limited to the Series Assets relating to such Series. If the payments received by the Issuer in respect of the Series Assets are not sufficient to make all payments due in respect of the Instruments, then the obligations of the Issuer in respect of the Instruments of that Series will be limited to the Series Assets of the Compartment in respect of that Series, as specified in the General Conditions and the relevant Final Terms. The Issuer will not be obliged to make any further payment for any Series of Instruments in excess of amounts received upon the realisation of the Series Assets in respect of that Series. Following application of the proceeds of realisation of the relevant Series Assets in accordance with the relevant Conditions, the claims of the relevant Instrumentholders, the relevant Hedging Counterparties (if any) and any other Series Parties for any shortfall shall be extinguished and the relevant Instrumentholders, the relevant Hedging Counterparties (if any) and the other Series Parties (and any person acting on behalf of any of them) may not take any further action to recover such shortfall.

PART III - BENEFICIARY SHARES

The following summary of the Beneficiary Shares does not purport to be complete and is taken from, and is qualified in its entirety, by the remainder of this Prospectus and, in relation to each Series, the relevant Final Terms relating to such Series of Beneficiary Shares. Words and expressions defined or used in the Articles or in the relevant Final Terms shall have the same meaning in this Prospectus.

Issuer:	Palladium Securities 1 S.A.
Description:	Programme for the issuance of Beneficiary Shares.
Arranger:	Deutsche Bank AG London or as otherwise specified in the relevant Final Terms.
Dealer:	Deutsche Bank AG London or as otherwise specified in the relevant Final Terms.
Series Assets:	All relevant details relating to the Series Assets will be set out in the relevant Final Terms.
Series Parties:	Only the parties specifically identified as Series Parties in the relevant Final Terms will be entitled to share in the proceeds of the Series Assets.
Issue Price:	As specified in the relevant Final Terms.
Hedging and Repurchases:	Any hedging or repurchase transaction entered into in connection with Beneficiary Shares of any Series by the Issuer will be a limited recourse obligation of the Issuer and will be on the terms set out in the relevant Final Terms.
Currencies:	Subject to compliance with all relevant laws, regulations and directives, Beneficiary Shares may be issued in such currency or currencies as the Issuer determines.
Status of Beneficiary Shares:	The Beneficiary Shares of each Series will be unsecured, limited recourse equity securities of the Issuer, ranking <i>pari passu</i> without any preference among themselves (unless otherwise specified in the relevant Final Terms). Claims against the Issuer by Beneficiary Shareholders of a particular Series and, if applicable, each Hedging Counterparty and each Series Party will be limited to the Series Assets applicable to that Series. If the net proceeds of the Series Assets for any Series are not sufficient to make all payments due in respect of the Beneficiary Shares of that Series and, if applicable, due to each Hedging Counterparty and each other Series Party, no other assets of the Issuer will be available to meet such shortfall and the claims of the

holders of the Beneficiary Shares and, if applicable, any such Hedging Counterparty or other Series Party in respect of any such shortfall shall be extinguished and no party will be able to petition for the winding-up of the Issuer as a consequence of any such shortfall. Claims of Beneficiary Shareholders and, if applicable, any Hedging Counterparty in respect of any Series of Beneficiary Shares and such other Series Party (if any) for such Series shall rank in accordance with the Articles (see "Articles of Association – (b) Compartments").

Form of Beneficiary Shares:

The Beneficiary Shares will be issued in bearer form or in registered form pursuant to a resolution of the Board of Directors of the Issuer in accordance with the Articles.

Share certificates will be issued to and registered in the name of the relevant Clearing Agent (or its nominee) that is recognised and accepted by the relevant clearing system, including Euroclear, Clearstream, Luxembourg and Clearstream, Frankfurt.

Interests in Beneficiary Shares may be transferred within any Clearing Agent in accordance with the relevant Clearing Agent's rules and procedures.

Withholding Tax - Beneficiary Shares:

All payments by the Issuer in respect of the Beneficiary Shares shall be made subject to any withholding or deduction for, or on account of, any applicable taxation.

Withholding Tax - Hedging Agreements:

Neither the Issuer nor any Hedging Counterparty is obliged under any Hedging Agreement to gross up payments to be made by it to the other if withholding taxes are imposed on such payments, but the relevant Hedging Agreement is terminable in such event.

Governing Law of Beneficiary Shares:

Luxembourg law.

Listing:

Beneficiary Shares of any Series may, if so specified in the relevant Supplement, be listed on a stock exchange as specified in the relevant Final Terms. Unlisted Beneficiary Shares may also be issued.

Selling Restrictions:

There are selling restrictions in relation to the United States, the European Economic Area (including the United Kingdom, Italy, Spain and Switzerland) and Japan and such other restrictions as may be required in connection with the offering and sale of particular Beneficiary Shares. (See "Subscription, Sale

and Transfer Restrictions" below).

Use of Proceeds:

The net proceeds from each issue of Beneficiary Shares will be used to acquire an interest in Series Assets and/or to pay for or enter into any Hedging Agreement(s) in connection with such Beneficiary Shares and/or to pay expenses in connection with the administration of the Issuer or the issue of the Beneficiary Shares.

Risk Factors:

Prospective investors should consider all information provided in this Prospectus, any Supplement and any Final Terms and should consult with their own professional advisers if they consider it necessary.

Claims against the Issuer by holders of each Series of Debt Instruments will be limited to the net assets of the relevant Series included in the relevant Compartment.

The rights of holders of Instruments issued in respect of a Compartment and the rights of creditors are limited to the assets of that Compartment, where these rights relate to that Compartment or have arisen at the occasion of the constitution, the operation or the liquidation of the relevant Compartment. The assets of a Compartment are available only to satisfy the rights of holders of Instruments issued in relation to that Compartment and the rights of creditors whose claims have arisen at the occasion of the constitution, the operation or the liquidation of that Compartment.

The right of Instrumentholders of any Series issued in respect of, and allocated to, each Compartment to participate in the assets of the Issuer is limited to the Series Assets relating to such Series. If the payments received by the Issuer in respect of the Series Assets are not sufficient to make all payments due in respect of the Instruments, then the obligations of the Issuer in respect of the Instruments of that Series will be limited to the Series Assets of the Compartment in respect of that Series, as specified in the Articles and the relevant Final Terms. The Issuer will not be obliged to make any further payment for any Series of Instruments in excess of amounts received upon the realisation of the Series Assets in respect of that Series. Following application of the proceeds of realisation of the relevant Series Assets in accordance with the relevant Conditions, the claims of the relevant Instrumentholders, the relevant Hedging Counterparties (if any) and any other Series

Parties for any shortfall shall be extinguished and the relevant Instrumentholders, the relevant Hedging Counterparties (if any) and the other Series Parties (and any person acting on behalf of any of them) may not take any further action to recover such shortfall.

RISK FACTORS

Prospective purchasers of the Instruments should ensure that they understand fully the nature of the Instruments, as well as the extent of their exposure to risks associated with an investment in the Instruments and should consider the suitability of an investment in the Instruments in light of their own particular financial, fiscal and other circumstances. Prospective purchasers of the Instruments should refer to this section of this Prospectus and any other investment considerations set out in the relevant and/or Final Terms. In particular, prospective investors should be aware that the Instruments may decline in value and should be prepared to sustain a total loss of their investment in the Instruments.

The Instruments are not guaranteed by the Arranger or any of its affiliates and neither the Arranger nor any of its affiliates has or will have any obligations in respect of the Instruments. The Instruments will represent secured or unsecured, limited recourse securities of the Issuer. The ranking relating to the relevant Tranches (if any) of a Series of Instruments will be set out in the relevant Final Terms.

A. Risk Factors relating to the Issuer

1 Securitisation Act 2004 and Compartments

The Issuer is established as a *société de titrisation* within the meaning of the Securitisation Act 2004 which provides that claims against the Issuer by holders of each Series of Instruments will be limited to the net assets of the relevant Series included in the relevant Compartment. Further, under the Securitisation Act 2004, the proceeds of the Series Assets (as defined below) for each Series are available only for distribution to the specified Instrumentholders and other creditors relating to such Series (each such party, a **Series Party**). A creditor of the Issuer may have claims against the Issuer in respect of more than one Series, in which case the claims in respect of each individual Series will be limited to the Series Assets relating to such Series only.

The Board may establish one or more compartments (together the **Compartments** and each a **Compartment**) each of which is a separate and distinct part of the Issuer's estate (*patrimoine*) and which may be distinguished by the nature of acquired risks or assets, the Conditions of the Instruments issued in relation to the Compartment, the reference currency or other distinguishing characteristics. The Conditions of the Instruments issued in respect of, and the specific objects of, each Compartment shall be determined by the Board. Each holder (an **Instrumentholder**) of Instruments issued by the Issuer shall be deemed to fully adhere to, and be bound by, the Conditions applicable to the relevant Instruments and the Articles. Each Compartment may relate to either Debt Instruments or Beneficiary Shares but not both Debt Instruments and Beneficiary Shares.

Subject to any particular rights or limitations for the time being attached to any Instruments, as may be specified in the Articles or upon which such Instruments may be issued including, without limitation, the relevant Conditions and the relevant Final Terms, if the net assets of a Compartment are liquidated the proceeds thereof shall be applied in the order set out in the Conditions.

Each Compartment represents a separate and distinct part of the Issuer's estate (*patrimoine*). The rights of holders of Instruments issued in respect of a Compartment and the rights of creditors are limited to the assets of that Compartment, where these rights relate to that Compartment or have arisen at the occasion of the constitution, the operation

or the liquidation of the relevant Compartment. The assets of a Compartment are available only to satisfy the rights of holders of Instruments issued in relation to that Compartment and the rights of creditors whose claims have arisen at the occasion of the constitution, the operation or the liquidation of that Compartment.

In the relationship between the holders of Instruments, each Compartment is deemed to be assets of a separate entity.

Fees, expenses and other liabilities incurred on behalf of the Issuer but which do not relate specifically to any Compartment shall, unless otherwise determined by the Board, be general liabilities of the Issuer and shall not be payable out of the assets of any Compartment. The Board shall ensure, to the extent possible (although there is no guarantee that the Board will be able to achieve this), that creditors of such liabilities waive recourse to the assets of any Compartment.

The Board shall establish and maintain separate accounting records for each of the Compartments of the Issuer for the purposes of ascertaining the rights of holders of Instruments issued in respect of each Compartment for the purposes of the Articles and the Conditions, such accounting records to be conclusive evidence of such rights in the absence of manifest error.

The assets of each Compartment (the **Series Assets**) may include the proceeds of the issue of the Instruments of the relevant Series, the relevant Hedging Agreement, any Collateral relating to the relevant Hedging Agreement, and any proceeds from the relevant Hedging Agreement and any such Collateral. The fees, costs and expenses in relation to the Instruments of each Series are allocated to the Compartment relating to the relevant Series in accordance with the relevant Conditions and the Articles. Instrumentholders of a Series will have recourse only to the Series Assets relating to the relevant Series. The rights of all holders of a Series will be restricted to the Series Assets for such Series regardless of how many Tranches are comprised within such Series.

2 Limited Recourse

The right of Instrumentholders of any Series issued in respect of, and allocated to, each Compartment to participate in the assets of the Issuer is limited to the Series Assets relating to such Series. If the payments received by the Issuer in respect of the Series Assets are not sufficient to make all payments due in respect of the Instruments, then the obligations of the Issuer in respect of the Instruments of that Series will be limited to the Series Assets of the Compartment in respect of that Series, as specified in the General Conditions and the relevant Final Terms (in the case of Debt Instruments) or the Articles and the relevant Final Terms (in the case of Beneficiary Shares). The Issuer will not be obliged to make any further payment for any Series of Instruments in excess of amounts received upon the realisation of the Series Assets in respect of that Series. Following application of the proceeds of realisation of the relevant Series Assets in accordance with the relevant Conditions, the claims of the relevant Instrumentholders, the relevant Hedging Counterparties (if any) and any other Series Parties for any shortfall shall be extinguished and the relevant Instrumentholders, the relevant Hedging Counterparties (if any) and the other Series Parties (and any person acting on behalf of any of them) may not take any further action to recover such shortfall.

In particular, no such party will be able to petition for the winding-up of the Issuer. Failure to make any payment in respect of any such shortfall shall in no circumstances constitute an event of default under the relevant Conditions. Any shortfall shall be borne by the Instrumentholders, each Hedging Counterparty (if any) and any other Series Party of the relevant Series in respect of which the Instruments have been issued according to the priorities specified in the Conditions.

To give effect to the provisions of the Securitisation Act 2004 under which the Series Assets of a Compartment are available only for the Series Parties for the relevant Series relating to that Compartment, the Issuer will seek to contract with parties on a "limited recourse" basis such that claims against the Issuer in relation to each Series would be restricted to the Series Assets of the Compartment for the relevant Series.

However, there is no guarantee that the Issuer will be able to contract on a limited recourse basis with respect to all agreements that the Issuer may enter into from time to time in relation to any particular Tranche or Series and there may be creditors whose claims are preferred by law. In such circumstances the Series Assets relating to one or more Compartments may be subject to claims by creditors other than the relevant Series Parties for the relevant Series, resulting in a shortfall in the amounts available to meet the claims of the relevant Series Parties.

3 Allocation of Shortfalls Among Tranches of a Series

The Issuer expects from time to time to make issues of Instruments in different Series comprising more than one Tranche. Each Tranche within a Series will not constitute assets of a separate legal entity. The Issuer as a whole is one legal entity and the Instruments of each Tranche within a Series are issued by that entity.

Each Tranche of a Series will represent a separate tranche of Instruments and each Series will have Series Assets relating to that Series. The relevant Series Assets will be available to meet all the liabilities of the relevant Series, regardless of the different amounts stated to be payable on the separate Tranches (as set out in the relevant Final Terms).

For example, if (i) on a winding up of the Issuer or (ii) as at the relevant Maturity Date, Settlement Date or Redemption Date the amounts received by the Issuer under the relevant Hedging Agreement and in respect of the Collateral (if any) (after payment of all fees, costs, expenses and other liabilities which are to be borne by the relevant Series Assets and which rank before the relevant Instruments) are insufficient to pay the full Redemption Amounts or Cash Settlement Amounts payable or to deliver the full Physical Settlement Amounts in respect of all Tranches of Instruments of the relevant Series, amounts owing to holders of each Tranche of Instruments of such Series will rank *pari passu* with amounts owing to holders of each other Tranche of Instruments of such Series, and the proceeds of the relevant Series Assets will be distributed *pro rata* amongst all Instrumentholders of that Series. To the extent that there is any shortfall in the proceeds of the relevant Series available to meet the claims of Instrumentholders, the claims of the Instrumentholders for any such shortfall shall be extinguished. The holders shall have no further right of payment in respect of their Instruments or claim against any other assets of the Issuer (including the Series Assets of any other Series) and may not take any action to recover such shortfall amount.

In practice, cross liability between Tranches is only likely to arise where the aggregate amounts payable in respect of any Tranche (expected to be the Redemption Amount or Cash Settlement Amount or Physical Settlement Amount and any interest or dividends, as applicable, which may be payable in accordance with the Conditions applicable to that Tranche) exceed the relevant Series Assets notionally allocated to that Tranche, that is, those amounts (if any) received by the Issuer under the relevant Hedging Agreement and Collateral and any other assets comprising the relevant Series Assets (after payment of all fees, costs, expenses and other liabilities which are to be borne by the relevant Series Assets and which rank before the relevant Instruments) that are intended to fund payments in respect of such Tranche or are otherwise attributable to that Tranche. Such a situation could arise if, for example, there is a default by a Hedging Counterparty in respect of a Hedging Agreement of the relevant Series or in the circumstances described under "Liability for Expenses" below. In these circumstances, the remaining Series Assets

notionally allocated to any other Tranche of the same Series may be available to meet such payments and may accordingly not be available to meet any amounts that otherwise would have been payable on such other Tranche.

4 Allocation of Liabilities Among All Instrumentholders

Any liability which is not a Series-specific liability (that is, it does not relate to any Compartment in respect of any Series of Instruments is issued) which is not otherwise funded will be apportioned between the Series Assets of all the unsecured Instruments *pro rata* to the amounts owing on such Instruments. The apportionment of such liability will reduce the return that would otherwise have been payable on such Instruments. The Issuer will seek to contract with all counterparties on a limited recourse basis such that claims in respect of any liability which is not Series-specific may not be made in respect of the Series Assets of any Compartment. However, any creditor who has not contracted with the Issuer on a limited recourse basis (or any creditor of claims preferred by law) may make a claim against the Series Assets of a Compartment relating to unsecured Instruments and such claim could affect the amount of Series Assets available to meet the obligations of the Issuer to the relevant Instrumentholders and the other Series Parties.

For example, if under the terms of a Hedging Agreement, the Issuer is for any reason required to make an early termination payment to the Hedging Counterparty (in the case of a Series) the relevant Series Assets or (in the case of a Tranche) the notional share of the relevant Series Assets attributable to such Tranche may be insufficient to fund such early termination payment. In such circumstances, save to the extent that the Hedging Counterparty has contracted with the Issuer on a "limited recourse" basis (see above), the Hedging Counterparty may have recourse to the other assets of the Issuer, including other Series Assets of unsecured Instruments, as set out below.

5 Consequences of Winding-up Proceedings

If the Issuer fails for any reason to meet its obligations or liabilities (that is, if the Issuer is unable to pay its debts and may obtain no further credit), a creditor may be entitled to make an application for the commencement of insolvency proceedings against the Issuer. The commencement of such proceedings may involve certain conditions, entitle creditors (including Hedging Counterparties) to terminate contracts with the Issuer (including Hedging Agreements) and claim damages for any loss arising from such early termination. The commencement of such proceedings may result in the Issuer's assets (including the Series Assets of all the Series) being realised and applied to pay the fees and costs of the liquidator, debts preferred by law and debts payable in insolvency, before any surplus is distributed to the Instrumentholders. In the event of proceedings being commenced, the Issuer may not be able to pay the full Redemption Amount or Cash Settlement Amount or deliver the full Physical Settlement Amount, any amount of interest or dividends, and any other or alternative amounts anticipated by the Conditions in respect of any Tranche or Series of Instruments. The Issuer will seek to contract only with parties who agree not to make application for the commencement of winding-up or similar proceedings against the Issuer.

B. Risk Factors relating to the Instruments

1. General

BY SUBSCRIBING FOR THE INSTRUMENTS, EACH HOLDER OF INSTRUMENTS SHALL BE DEEMED TO FULLY AWARE OF, ADHERE TO AND BE BOUND BY, IN THE CASE OF DEBT INSTRUMENTS, THE GENERAL CONDITIONS (INCLUDING FOR THE AVOIDANCE OF DOUBT, THE PROVISIONS ON LIMITED RECOURSE, SUBORDINATION AND NON-PETITION AND CONDITIONS 6, 10, 11 AND 12) AND, IN

THE CASE OF BENEFICIARY SHARES, THE ARTICLES AND, IN EITHER CASE, THE RELEVANT FINAL TERMS RELATING TO THE INSTRUMENTS.

The discussion below is of a general nature and is intended to describe various risk factors associated with an investment in any Instruments issued under the Programme. What factors will be of relevance to the Instruments will depend upon a number of inter-related matters including, but not limited to, the nature of the Instruments, the Underlying, the Series Assets (as defined below) and, if applicable, the Collateral, each Hedging Agreement and any Repurchase Agreement (each as defined in "Summary of the Programme and the Terms and Conditions of the Instruments").

Purchasers of Instruments should conduct such independent investigation and analysis regarding the terms of the Instruments, the Issuer and (if applicable) the Underlying, the Series Assets, the Collateral, the security arrangements, each Hedging Counterparty and any Repurchase Counterparty (each of the Hedging Counterparty and Repurchase Counterparty are defined in "Summary of the Programme and the Terms and Conditions of the Instruments"), each Hedging Agreement and any Repurchase Agreement or other agreement entered into by the Issuer in respect of the Instruments and all other relevant market and economic factors as they deem appropriate to evaluate the merits and risks of an investment in the Instruments as well as their personal circumstances. The Issuer, the Arranger and the Trustee disclaim any responsibility to advise purchasers of Instruments of the risks and investment considerations associated with the purchase of the Instruments as they may exist at the date of this Prospectus or from time to time thereafter. However, as part of such independent investigation and analysis, prospective purchasers of Instruments should consider all the information set forth in this Prospectus, including the considerations set forth below.

Any payment by the Issuer in respect of the Instruments is dependent upon the receipt by the Issuer of payments from the Collateral, each Hedging Agreement and any Repurchase Agreement entered into or acquired by the Issuer with the proceeds of issue of the relevant Series of Instruments as described in the relevant Final Terms. Such payments may be restricted under their terms with the result that any return on the Instruments will be similarly restricted.

2. Introduction

An investment in the Instruments involves risks. These risks may include, among others, equity market, bond market, foreign exchange, interest rate, market volatility, investment risk and political risks (which may include a change of tax treatment) and any combination of these and other risks. Some of these are briefly discussed below. Prospective purchasers should be experienced with respect to transactions involving instruments such as the Instruments, in terms of both the risks associated with the economic terms of the Instruments and the risks associated with the way in which the issue of the Instruments is structured. Prospective purchasers should understand the risks associated with an investment in the Instruments and should only reach an investment decision after careful consideration, with their legal, tax, accounting and other advisers, of (i) the suitability of an investment in the Instruments in the light of their own (and, if it is acquiring the Instruments in a fiduciary capacity, the beneficiary's) particular financial, fiscal and other circumstances, (ii) the information set out in this document and (iii) if applicable, the Underlying, the Collateral, the Series Assets, each Hedging Agreement and any Repurchase Agreement. Nothing in this Prospectus should be construed as advice.

PROSPECTIVE PURCHASERS OF THE INSTRUMENTS SHOULD RECOGNISE THAT THE INSTRUMENTS MAY DECLINE IN VALUE AND SHOULD BE PREPARED TO SUSTAIN A TOTAL LOSS OF THEIR INVESTMENT IN THE INSTRUMENTS.

An investment in the Instruments should only be made after assessing the direction, timing and magnitude of potential future changes in the value of the Underlying, as the return of any such investment will be dependent, *inter alia*, upon such changes. More than one risk factor may have simultaneous effect with regard to the Instruments such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect which may not be predictable. No assurance can be given as to the effect that any combination of risk factors may have on the value of the Instruments.

3. Market Factors

3.1. *Valuation of the Underlying*

Prospective purchasers of the Instruments should be aware that an investment in the Instruments involves valuation risk as regards the Underlying. Prospective purchasers should be experienced with respect to transactions in Instruments with a value derived from underlying securities and/or other assets and/or indices.

The value of the Underlying may vary over time and may increase or decrease by reference to a variety of factors which may include corporate actions, macro economic factors and speculation. Where the Underlying is a basket comprised of various assets, fluctuations in the value of any one asset may be offset or intensified by fluctuations in the value of other assets which comprise the Underlying.

Financial and other information with respect to the Underlying may be available from publicly available sources, but no representation is made with respect thereto by the Issuer, the Arranger, any Dealer, any Trustee, any Hedging Counterparty, any Repurchase Counterparty, any Calculation Agent, or any of their respective affiliates as to the accuracy or completeness of any such information.

3.2. *The Historical Performance of the Underlying is not an Indication of its Future Performance*

The historical price of the Underlying does not indicate the future performance of the Underlying. Changes in the market price of the Underlying will affect the trading price of the Instruments, but it is impossible to predict whether the market price of the Underlying will rise or fall.

3.3. *Exchange Rates*

Prospective purchasers of the Instruments should be aware that an investment in the Instruments may involve exchange rate risks. For example (i) the Underlying may be denominated in a currency other than that of the Settlement Currency for the Instruments, (ii) the Instruments may be denominated in a currency other than the currency of the purchaser's home jurisdiction and/or (iii) the Instruments may be denominated in a currency other than the currency in which a purchaser wishes to receive funds.

Exchange rates between currencies are determined by factors of supply and demand in the international currency markets which are influenced by macro economic factors, speculation and central bank and government intervention (including the imposition of currency controls and restrictions). Fluctuations in exchange rates may affect the value of the Instruments.

3.4. *Interest Rates*

Interest rates are determined by factors of supply and demand in the international money markets which are influenced by macro economic factors, speculation and central bank

and government intervention. Fluctuations in short term and/or long term interest rates may affect the value of the Instruments. Fluctuations in interest rates of the currency in which the Instruments are denominated and/or fluctuations in interest rates of the currency or currencies in which the Underlying is denominated may affect the value of the Instruments.

If the Underlying is a fixed income security, the value of the Instruments would be expected to be affected by interest rate fluctuations.

3.5. *Market Volatility*

Market volatility reflects the degree of instability and expected instability of the performance of the Underlying. The level of market volatility is not purely a measurement of the actual volatility, but is largely determined by the prices for instruments which offer investors protection against such market volatility. The prices of these instruments are determined by forces of supply and demand in the options and derivative markets generally. These forces are, themselves, affected by factors such as actual market volatility, expected volatility, macro economic factors and speculation.

4. **Certain Hedging Considerations**

Prospective purchasers who intend to purchase the Instruments for the purpose of hedging their exposure to the Underlying should recognise the risks of utilising the Instruments in such manner. No assurance is or can be given that the value of the Instruments will correlate with movements in the value of the Underlying. Furthermore, it may not be possible to liquidate the Instruments at a price which directly reflects the value of the Underlying. Therefore, notwithstanding losses suffered by investors with respect to investments on or exposure to the Underlying, it is possible that investors could also suffer substantial losses in the Instruments.

Prospective purchasers of the Instruments should be aware that hedging transactions in order to limit the risks associated with the Instruments might not be successful.

5. **Collateral and Series Assets**

5.1 *Illiquid Collateral*

The Collateral (if any) may comprise or include privately placed, unlisted securities or domestic securities or other assets which are not admitted to any trading market and which are not readily realisable.

5.2 *Credit Risk of Counterparties*

In certain cases, the Series Assets may not include Collateral and, as a consequence, claims for the Debt Instruments may be limited to the claims of the Issuer against each Hedging Counterparty to the Hedging Agreement(s) or the Repurchase Counterparty to any Repurchase Agreement or any other agreement.

In such cases, the ability of the Issuer to make payments with respect to the Instruments may depend on the performance of a Hedging Counterparty under a Hedging Agreement, which will in turn depend in part on the creditworthiness of the Hedging Counterparty. The insolvency of a Hedging Counterparty, or a default by a Hedging Counterparty under a Hedging Agreement, could adversely affect the ability of the Issuer to make payments with respect to the Instruments.

5.3 *Country and Regional Risk*

The price and value of the Collateral may be influenced by the political, financial and economic stability of the country and/or region in which the issuer of or obligor in respect of the Collateral is incorporated or has its principal place of business or of the country in the currency of which the Collateral is denominated. The value of securities and other assets issued by entities located in, or governments of, emerging market countries is generally more volatile than the value of similar assets issued by entities in well-developed markets. However, in certain cases the price and value of assets originating from countries not ordinarily considered to be emerging markets countries may behave in a manner similar to those of assets originating from emerging markets countries.

6. **Secured or Unsecured Instruments**

The Issuer may issue Debt Instruments and Beneficiary Shares which have the benefit of English law-governed security interests (and, in certain circumstances, security interests governed by the laws of any other relevant jurisdiction) granted to the Trustee (for the benefit of the Series Parties for the relevant Series) over all the Series Assets of the relevant Compartment. However, not every Series of Debt Instruments will be secured and the Issuer may issue unsecured Debt Instruments and unsecured Beneficiary Shares. (See "Summary of the Programme and the Terms and Conditions of the Instruments".) However in respect of each Series of Instruments, the Securitisation Act 2004 provides that the Series Assets for each Series of Instruments are available to meet only the claims of the Series Parties for that Series.

In the case of unsecured Beneficiary Shares and unsecured Debt Instruments, the Instrumentholders of the relevant Series may be subject to competing claims of other creditors of the Issuer in the case that a jurisdiction (other than Luxembourg) to which any Series Assets are subject would not recognise the segregation of assets as provided for in the Securitisation Act 2004. The claims of such other creditors may affect the amount of Series Assets available to meet the claims of the Instrumentholders and other Series Parties of any Series of unsecured Instruments. If there is any resulting shortfall in the amounts available from the Series Assets of the relevant Compartments of such unsecured Instruments the claims of the relevant Series Parties (including the relevant Instrumentholders) in respect of such shortfall will be extinguished and no action may be taken by such Series Parties to wind up the Issuer.

7. **Secondary Market**

Even if the Instruments are listed on the Luxembourg Stock Exchange or any other stock exchange, it is not possible to predict if and to what extent a secondary market may develop in any Instruments or at what price any Instruments will trade in the secondary market or whether such market will be liquid or illiquid. In relation to each Series of Instruments, if so specified in the relevant Final Terms, application has been made to list or quote such Instruments on the stock exchanges specified. If such Instruments are so listed or quoted, no assurance is given that any such listing or quotation will be maintained. The fact that any Instruments may be so listed or quoted does not necessarily lead to greater liquidity than if they were not so listed or quoted.

If a Series of Instruments is not listed or traded on any exchange, pricing information for such Instruments may be more difficult to obtain and the liquidity of such Instruments may be adversely affected.

The liquidity of such Instruments may also be affected by restrictions on offers and sales of such Instruments in some jurisdictions.

The Arranger may, but is not obliged to, at any time purchase Instruments at any price in the open market or by tender or private agreement. Any Instruments so purchased may be held or resold or surrendered for cancellation. Since the Arranger may be the only market-maker in the Instruments of a Series, the secondary market may be limited. The more limited the secondary market is, the more difficult it may be for holders of the Instruments to realise value for the Instruments prior to the exercise, expiration or maturity date (as the case may be).

Redemption Amounts, Cash Settlement Amounts and Physical Settlement Amounts will only be payable or deliverable upon the Maturity Date, the Settlement Date or the Redemption Date (as applicable), subject to the relevant Conditions, the risk factors mentioned in this Prospectus, the risk factors mentioned in the relevant Final Terms, and the Articles. The value of the relevant Series Assets on any other day (or the market price of such Instruments on any day) may not necessarily be reflected in the Redemption Amount, Cash Settlement Amount or Physical Settlement Amount of each of the Instruments payable on such Maturity Date, Settlement Date or Redemption Date.

8. Potential Conflicts of Interest

Each of the Issuer, the Arranger, any Dealer, any Hedging Counterparty, any Repurchase Counterparty and the Calculation Agent are or may be affiliates or may be the same entities. Because of these and other relationships, potential conflicts of interest may arise between such parties and the holders of Instruments out of certain of the transactions contemplated herein.

The Arranger, any Dealer, any Hedging Counterparty, any Repurchase Counterparty, the Calculation Agent and their respective affiliates may from time to time engage in transactions involving the Underlying for their proprietary accounts and for accounts under their management. Such transactions may have a positive or negative effect on the value of the Underlying and consequently upon the value of the Instruments. In addition, the Arranger, any Dealer, any Hedging Counterparty, any Repurchase Counterparty, the Calculation Agent and their respective affiliates may from time to time act in other capacities with regard to the Instruments. Furthermore, the Arranger, any Hedging Counterparty, any Dealer, any Repurchase Counterparty, the Calculation Agent and their respective affiliates may also issue other derivative instruments in respect of the Underlying and the introduction of such competing products into the marketplace may affect the value of the Instruments.

The Arranger, any Dealer, any Hedging Counterparty, any Repurchase Counterparty, the Calculation Agent and their respective affiliates may, in certain cases, act as market-maker for the Underlying, which might in particular be the case when the Arranger, any Dealer, such Hedging Counterparty, any Repurchase Counterparty, the Calculation Agent or such affiliate has also issued the Underlying. By such market-making, the Arranger, any Dealer, such Hedging Counterparty, any Repurchase Counterparty, the Calculation Agent or such affiliate will, to a large extent, itself determine the price of the Underlying, and consequently influence the value of the Instruments. The prices quoted by the Arranger, any Dealer, such Hedging Counterparty, any Repurchase Counterparty, the Calculation Agent or such affiliate in its market-making function will not always correspond to the prices which would have formed without such market-making and in a liquid market.

The Arranger, any Dealer, any Hedging Counterparty, any Repurchase Counterparty, the Calculation Agent and their respective affiliates may also act as underwriter in connection with future offerings of the Underlying or may act as financial adviser to the issuer of an Underlying or in a commercial banking capacity for the issuer of an Underlying. Such activities could present certain conflicts of interest and may affect the value of the Instruments.

The Arranger, any Dealer, any Hedging Counterparty, any Repurchase Counterparty, the Calculation Agent and their respective affiliates, whether by virtue of the types of relationships described herein or otherwise, may acquire non-public information with respect to the Underlying that is or may be material in the context of the Instruments. None of the Arranger, any Dealer, any Hedging Counterparty, any Repurchase Counterparty, the Calculation Agent and any of their respective affiliates undertakes to disclose any such information to any Instrumentholder. In addition, one or more of the Arranger, any Dealer, any Hedging Counterparty, any Repurchase Counterparty, the Calculation Agent and their respective affiliates may publish research reports with respect to the Underlying.

Such activities could present conflicts of interest and may affect the value of the Instruments.

9. Option to Settle in Cash or by Physical Delivery

If so indicated in the relevant Final Terms, the Issuer will have the option to settle in cash or by physical delivery.

For the avoidance of doubt Debt Instruments represented by a Restricted Global Debt Instrument shall be settled in cash only.

Prospective purchasers should review the relevant Final Terms to ascertain whether and how such provisions apply to the Instruments.

10. Market Disruption Events

The Market Disruption Events are set out in full in the relevant Final Terms.

The Calculation Agent may determine that a Market Disruption Event has occurred or exists at a relevant time if so indicated in the relevant Final Terms. Any such determination may have an effect on the value of the Instruments and/or may delay settlement in respect of the Instruments.

Prospective purchasers should review the relevant Final Terms to ascertain whether and how such provisions apply to the Instruments.

11. Cancellation of Debt Instruments

Provisions in relation to the cancellation of Debt Instruments are set out in full in the relevant Final Terms.

The Issuer may, if so specified in the relevant Final Terms (Adjustment Provisions), cancel the Debt Instruments upon the occurrence of certain adjustment events. If the Issuer so cancels the Debt Instruments then the Issuer will pay the Early Termination Amount to the Debt Instrumentholders, determined as provided in the relevant Final Terms. Such amount may be zero.

12. Substitution or Adjustment Provisions

An adjustment of the terms of the Instruments as provided in the relevant Final Terms (Adjustment Provisions) may result in a change in the quantity, composition and/or identity of the relevant Underlying and may affect the value of the Instruments.

13. Taxation

Potential purchasers and sellers of the Instruments should be aware that they may be required to pay stamp taxes or other documentary charges in accordance with the laws

and practices of the country where the Instruments are transferred. Debt Instrumentholders are subject to the provisions of General Condition 4.4 for Debt Instruments and Beneficiary Shareholders are subject to the provisions of the Articles and payment and/or delivery of any amount due in respect of the Instruments will be conditional upon the payment of any Instrumentholder Expenses as provided for in the relevant Final Terms.

Potential purchasers who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, potential purchasers should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

Any change in the Issuer's tax status or in taxation legislation in Luxembourg or any other tax jurisdiction could affect the value of the investments held by the Issuer or affect the Issuer's ability to achieve its investment objective for the relevant Instruments or alter the post tax returns to Instrumentholders. The Issuer will not make any additional payments in the event that any withholding obligation is imposed on payments by the Issuer under any Series or Tranche of Instruments. Disclosure in this Prospectus or the Final Terms concerning the taxation of Instrumentholders resident in Luxembourg, the United States, Germany, the United Kingdom, Belgium, the Netherlands, Hong Kong, Italy, Switzerland and Spain are based upon current Luxembourg, United States federal income, German, United Kingdom, Belgian Netherlands, Hong Kong, Italian, Swiss and Spanish tax law and practice which is, in principle, subject to change (possibly with retrospective effect). Any such change could adversely affect the ability of the Issuer to pay the amounts due on the Instruments on the relevant date for redemption and the net amount of any dividends and/or interest and/or date for redemption amount payable to Instrumentholders.

Under EC Council Directive 2003/48/EC on the taxation of savings income, which Member States are required, from 1st July, 2005, 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 agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

14. Further Issues of Debt Instruments by the Issuer

Further Debt Instruments may be issued in respect of each Series of Debt Instruments, subject to the provisions of General Condition 14.

15. Legality of Purchase; Investment Company Act

None of the Issuer, the Arranger, the Trustee or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of Instruments by a prospective purchaser of the Instruments, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it.

Sales or transfers of Instruments that would cause an Issuer to be required to register as an "investment company" under the Investment Company Act will be void *ab initio* and will not be honoured by such Issuer. Notwithstanding the lawfulness of any acquisition of Instruments, the Issuer shall have the right at any time, at the expense and risk of the

holder of Instruments held by or on behalf of a US Person that is not a QIB and also a QP, (i) to redeem such Instruments, in whole or in part, to permit the Issuer to avoid registration under the Investment Company Act or (ii) to require such holder to sell such Instruments to a QIB that is also a QP, in the case of Debt Instruments represented by a Restricted Global Debt Instrument, or to a non-US Person outside the United States.

16. ERISA Restrictions

Unless otherwise specified in the applicable Final Terms, each purchaser or holder of an Instrument shall be deemed to have represented by such purchase and/or holding that it is not a Benefit Plan Investor. Any transfer of any interest in an Instrument to a Benefit Plan Investor shall be deemed to be void *ab initio* and of no legal effect whatsoever. The Issuer shall have the right at any time, at the expense and risk of the holder of an interest in an Instrument held by or on behalf of any Benefit Plan Investor, (i) to redeem any such interest, in whole or in part, or (ii) to require any such holder to sell such interest to a QIB that is also a QP or outside the United States to a non-US Person, in each case to a transferee that is not a Benefit Plan Investor.

17. Luxembourg law

The Issuer is a public limited liability company (*société anonyme*) incorporated under Luxembourg law. The rights of Beneficiary Shareholders and the responsibilities of the Issuer to the Beneficiary Shareholders under Luxembourg law may be materially different from those with regard to equivalent instruments under the laws of the jurisdictions in which the Beneficiary Shares are offered.

Under the Securitisation Act 2004, each Compartment corresponds to a separate and distinct part of the Issuer's assets and liabilities. As between Instrumentholders, each Compartment will be deemed to be the property of a separate entity, unless otherwise provided for in the relevant Final Terms and/or the Articles. The rights of holders of Instruments issued in respect of a Compartment and the rights of creditors transacting with the Issuer in respect of a Compartment are limited to the assets of such Compartment, where these rights relate to that Compartment or have arisen upon the constitution, operation or liquidation of the assets of that Compartment. The assets of a Compartment are available exclusively to satisfy the rights of holders of Instruments issued in relation to that Compartment and the rights of creditors whose claims relate to or have arisen at the occasion of the constitution, the operation or the liquidation of that Compartment. Fees, costs, expenses and other liabilities generally incurred on behalf of the Issuer but which do not relate to any particular Compartment shall, unless otherwise determined by the Board, be general liabilities of the Company and shall not be payable out of the assets of any Compartment. The Board shall ensure, to the extent possible, that creditors in respect of such liabilities waive recourse to the assets of any Compartment.

Pursuant to the Securitisation Act 2004, the conditions of issue of the Instruments are binding on the Issuer and the Instrumentholders and are valid as against third parties in the event of the liquidation of one or more Compartments, of bankruptcy proceedings in respect of the Issuer or more generally in determining the competing rights for payment of creditors, except that they are not binding on any creditors of the Issuer who have not expressly agreed to be bound by such conditions.

THE CONSIDERATIONS SET OUT ABOVE ARE NOT, AND ARE NOT INTENDED TO BE, A COMPREHENSIVE LIST OF ALL CONSIDERATIONS RELEVANT TO A DECISION TO PURCHASE OR HOLD ANY INSTRUMENTS.

DOCUMENTS INCORPORATED BY REFERENCE

The Articles of Association of the Issuer, which have previously been published and have been filed with the CSSF, shall be incorporated in, and form part of, this Prospectus for informational purposes only save that any statement contained in this Prospectus or in a document all or the relevant portion of which is incorporated by reference in this Prospectus shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any document which is subsequently incorporated by reference in this Prospectus by way of a supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Comparative table of documents incorporated by reference:

<i>Page / Section in Base Document incorporated by Prospectus</i>	<i>Pages of document incorporated by reference</i>
90/Articles of Association	Articles of Association All pages.

Copies of documents incorporated by reference in this Prospectus can be obtained from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg. The Final Terms in respect of any Series of Instruments, will also be published on the Luxembourg Stock Exchange's website (www.bourse.lu).

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

GENERAL CONDITIONS - DEBT INSTRUMENTS

*The following (other than the text in italics) is the text of the general conditions (the **General Conditions** and, together with the provisions of the relevant Final Terms, the **Conditions**) which, together with the relevant Final Terms, will be applicable to the specified Series of Debt Instruments and will be endorsed on, attached to or incorporated by reference into the relevant Bearer Global Debt Instrument or Reg S Global Debt Instrument or Restricted Global Debt Instrument. The relevant Final Terms will complete and supplement the General Conditions in relation to each Series of Debt Instruments and may modify and/or vary the General Conditions in relation to such Series of Debt Instruments.*

This Series of Debt Instruments is constituted and (in the case of Debt Instruments to which General Condition 6.3 (*Security*) and General Condition 6.4 (*General provisions relating to security (if applicable)*) apply) secured by the Series Instrument.

By executing the Series Instrument, the Issuer and the Trustee have entered into the Agency Agreement on the terms set out in and/or incorporated by reference into the Series Instrument with the persons (if any) executing the Series Instrument as the Principal Agent and/or as the Custodian and/or as the Calculation Agent and/or as the Selling Agent and/or as the Registrar and/or as the Transfer Agent and/or in such other capacity as may be specified in the Series Instrument.

If any person has executed the Series Instrument in the capacity of a Hedging Counterparty, the Issuer and such Hedging Counterparty have, by executing the Series Instrument, entered into a Hedging Agreement.

If any person has executed the Series Instrument in the capacity of the Repurchase Counterparty, the Issuer and the Repurchase Counterparty have, by executing the Series Instrument, entered into the Repurchase Agreement.

These General Conditions apply in relation to the Debt Instruments, in each case as completed, supplemented, modified and/or amended by the provisions of the relevant Final Terms and the provisions of the Series Instrument. Each reference herein to a specific numbered General Condition is to such General Condition as so completed, modified or amended. These General Conditions include summaries of, and are subject to, the detailed provisions of the Series Instrument and the relevant Final Terms. Copies of the Series Instrument and the documents incorporated by reference therein (including the provisions of the Agency Agreement, each Hedging Agreement (if any) and the Repurchase Agreement (if any)) are available for inspection during normal office hours at the registered office of the Trustee and the specified office of each of the Paying Agents save that where this Series of Debt Instruments is unlisted, the aforementioned documents may only be inspected by a holder of such Debt Instruments and such holder must produce evidence satisfactory to the Trustee or the relevant Paying Agent, as the case may be, as to its holding of such Debt Instruments and identity. The Debt Instrumentholders are deemed to have notice of, and shall be bound by, all of the provisions of the Articles, the Series Instrument and the documents incorporated by reference therein (including the provisions of the Agency Agreement, each Hedging Agreement (if any) and the Repurchase Agreement (if any)) applicable to them. These General Conditions apply to Debt Instruments in global form as completed, modified and amended by the provisions of the relevant Final Terms, the other provisions of the Series Instrument and by the provisions of the relevant global Debt Instrument.

Except as otherwise expressly provided in the relevant Final Terms, where no reference is made in the relevant Final Terms to any Hedging Agreement, Repurchase Agreement, Custodian, Registrar, Transfer Agent or Selling Agent, references in these General Conditions to any such document or agreement and to any Hedging Counterparty, Repurchase Counterparty, Custodian, Registrar, Transfer Agent or Selling Agent, as the case may be, shall not be applicable.

1. Definitions and Interpretation

1.1 Definitions

In these General Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

144A Global Receipt has the meaning given to that term in General Condition 2.1 (*Form of Debt Instruments*).

Additional Security Document has the meaning given to that term in General Condition 6.3 (*Security*).

Agency Agreement means the agency agreement in respect of the Debt Instruments entered into by the Issuer, the Trustee and the Agents, as amended, restated and/or supplemented from time to time.

Agents means the Principal Agent, the Paying Agents, the Custodian, the Calculation Agent, the Selling Agent, the Registrar, the Transfer Agent or any of them and shall include such further or other person or persons as may be appointed from time to time an agent under the Agency Agreement with the prior written approval of the Trustee under the Series Instrument.

Bearer Global Debt Instrument has the meaning given to that term in General Condition 2.1 (*Form of Debt Instruments*).

Business Day means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, Luxembourg and such other location as may be specified in the relevant Final Terms, and a day on which each Clearing Agent is open for business and, for the purpose of making payments in euro, if applicable, any day on which TARGET is open.

Business Day Convention means one of the following, as specified in the relevant Final Terms:

- (i) **Floating Rate Business Day Convention** means that if a specified date would otherwise fall on a day which is not a Business Day, such 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 (A) such date shall be brought forward to the immediately preceding Business Day and (B) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment;
- (ii) **Following Business Day Convention** means that if a specified date would otherwise fall on a day which is not a Business Day, such date shall be postponed to the next day which is a Business Day;
- (iii) **Modified Following Business Day Convention** means that if a specified date would otherwise fall on a day which is not a Business Day, such 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 date shall be brought forward to the immediately preceding Business Day; or
- (iv) **Preceding Business Day Convention** means that if a specified date would otherwise fall on a day which is not a Business Day, such date shall be brought forward to the immediately preceding Business Day.

Calculation Agent means the person (if any) executing the Series Instrument for the purpose of entering into the Agency Agreement in the capacity of calculation agent.

Cash Settlement Amount means the amount specified in the relevant Final Terms.

Clearing Agent means the person specified as such in the relevant Final Terms.

Clearstream, Frankfurt means Clearstream Banking AG in Frankfurt am Main, Germany.

Clearstream, Luxembourg means Clearstream Banking, société anonyme in Luxembourg.

Collateral means, in respect of any Series of Debt Instruments as specified in the relevant Final Terms, certain bonds and notes (which may be equity-linked), shares, gilts, cash deposits denominated in any currency, futures, options, swaps, derivatives and similar instruments, invoices, receivables, leases and loans and lease portfolios, bills of exchange, acceptance credits and all other documents of title relating to the movement of goods, commercial paper, any other negotiable or transferable instruments and/or any other financial obligations assigned to or acquired by the Issuer or any other agreed assets, as specified in the relevant Final Terms.

Custodian means the person(s) (if any) executing the Series Instrument for the purpose of entering into the Agency Agreement in the capacity of custodian and any successor, substitute or additional Custodian from time to time appointed.

Custodian Bank means Deutsche Bank Luxembourg S.A. or such other entity as specified in the relevant Final Terms, in its capacity as custodian Bearer Global Debt Instruments on behalf of and for the account of the Depository Bank.

Debt Instrumentholder Expenses means, in respect of a Debt Instrument, all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, in each case payable by or on behalf of the Issuer and arising in connection with (i) the exercise of such Debt Instrument and/or (ii) any payment and/or delivery due following exercise, cancellation, repurchase, redemption or otherwise in respect of such Debt Instrument.

Delivery Date has the meaning given to that term in General Condition 7.2.1 (*Purchases*).

Deposit Account has the meaning given to that term in General Condition 6.6 (*Replacement and/or Substitution of Collateral*).

Deposit and Custody Agreement means the deposit and custody agreement among the Depository Bank, the Custodian Bank, the Trustee and the Issuer.

Depository Bank means Deutsche Bank AG London or such other entity specified in the relevant Final Terms, in its capacity as holder of a Bearer Global Debt Instrument.

DTC means The Depository Trust Company.

Early Termination Amount means, for the purposes of General Condition 5.1 (*Mandatory Cancellation*), General Condition 5.2 (*Cancellation for other reasons*) and the relevant Final Terms, the amount, or as the case may be, the method of determining such amount, specified in the relevant Final Terms.

Eligible Securities means securities or other assets of the type or types, and in the amount or amounts, specified for this purpose in the relevant Final Terms.

Entitled Beneficiary has the meaning given to that term in General Condition 6.8.1 (*Realisation of Series Assets*).

Equivalent Rating means an equivalent rating as determined by the Relevant Rating Agency.

Euroclear means Euroclear Bank S.A./N.V. as operator of the Euroclear System.

Event of Default means each of the events specified as such in General Condition 10 (*Events of Default*).

Exercise Date means the date (if any) specified as such in the relevant Final Terms.

Extraordinary Resolution means a resolution passed at a meeting of Instrumentholders duly convened and held in accordance with the Series Instrument by a majority of at least 75 per cent. of the votes cast or a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in Nominal Amount of the Debt Instruments for the time being outstanding.

Final Terms means the final terms relating to a Series of Debt Instruments as set out in the relevant Series Instrument.

Fungible Collateral means an amount of debt or equity securities equivalent to the Purchased Collateral the subject of the relevant Purchase Transaction (provided that, if and to the extent that such Purchased Collateral has been redeemed, such expression shall mean a sum of money equivalent to (and in the same currency as) the proceeds of such redemption) and debt or equity securities are "equivalent to" Purchased Collateral if they (i) are of the same issuer or obligor, (ii) are part of the same issue, series or tranche, (iii) are of an identical type, nominal value and description and amount as the Purchased Collateral and (iv) have the same terms and conditions and rank in all respects *pari passu* and equally with the Purchased Collateral.

Global Instrument means a Bearer Global Debt Instrument, a Reg S Global Debt Instrument or a Restricted Global Debt Instrument, as the case may be.

Hedging Agreement means each hedging agreement between the Issuer and a Hedging Counterparty in respect of any Series of the Debt Instruments on the terms set out in and/or incorporated by reference into the Series Instrument, as supplemented by a confirmation entered into by the Issuer and such Hedging Counterparty and dated the relevant Issue Date and as amended, restated and/or supplemented from time to time.

Hedging Agreement Termination Date means the date specified as such in the relevant Final Terms.

Hedging Counterparty means a person (if any) executing the Series Instrument in the capacity of Hedging Counterparty.

Income Payment has the meaning given to that term in General Condition 7.2.1 (*Purchases*).

Investment Company Act means the United States Investment Company Act of 1940, as amended.

Issue Date means the date specified as such in the relevant Final Terms.

Issuer means Palladium Securities 1 S.A.

Luxembourg means the Grand Duchy of Luxembourg.

Maturing Collateral has the meaning given to that term in General Condition 6.6.2 (*Replacement and/or Substitution of Collateral*).

Maturing Purchased Collateral has the meaning given to that term in General Condition 7.2.3 (*Repurchase Agreement*).

Maturity Date means, in the case of Notes, the maturity date of the Notes, as specified in the relevant Final Terms.

Net Proceeds means the net proceeds of the realisation of the security created pursuant to the Series Instrument and/or any Additional Security Document.

Nominal Amount means, in relation to any Debt Instrument, the nominal amount of such Debt Instrument, as specified in the relevant Final Terms.

Notice Period means the number of days specified as the Notice Period in the relevant Final Terms.

Paying Agent means each of the Agents and any successor, substitute or additional paying agents appointed under the Agency Agreement.

Payment Day means any day which is (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant place of presentation and London and Luxembourg; and (ii) either (1) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of such currency (if other than the place of presentation) or (2) in relation to any sum payable in euro, a day that TARGET is open.

Permitted Indebtedness has the meaning given to that term in General Condition 8.1.1 (*Restrictions*).

Permitted Investments has the meaning given to that term in General Condition 8.1.1 (*Restrictions*).

Physical Settlement Amount means the amount specified in the relevant Final Terms.

Physical Settlement Unit has the meaning given to that term in the relevant Final Terms.

Potential Event of Default means an event which, with the giving of notice and/or lapse of time and/or the forming of an opinion and/or the giving of any certificate and/or the making of any determination, would become an Event of Default.

Premium means the amount specified in the relevant Final Terms.

Principal Agent means the person executing the Series Instrument for the purpose of entering into the Agency Agreement in the capacity of issuing and paying agent and any successor, substitute or additional Principal Agent from time to time appointed.

Purchase Notice has the meaning given to that term in General Condition 7.2.1 (*Purchases*).

Purchase Option has the meaning given to that term in General Condition 7.2.1 (*Purchases*).

Purchase Price has the meaning given to that term in General Condition 7.2.1 (*Purchases*).

Purchase Transaction has the meaning given to that term in General Condition 7.2.1 (*Purchases*).

Purchased Collateral has the meaning given to that term in General Condition 7.2.1 (*Purchases*).

QIB means a "qualified institutional buyer" within the meaning given to that term in Rule 144A (and collectively, **QIBs**).

QP means a "qualified purchaser" within the meaning given to that term in Section 2(a)(51) of the Investment Company Act (and collectively, **QPs**).

Redelivery Date has the meaning given to that term in General Condition 7.2.1 (*Purchases*).

Redemption Amount means the amount specified as the Redemption Amount in the relevant Final Terms.

Redemption Date means the date specified as the Redemption Date in the relevant Final Terms.

Reg S Global Debt Instrument has the meaning given to that term in General Condition 2.1 (*Form of Debt Instruments*).

Registrar means the person (if any) executing the Series Instrument for the purpose of entering into the Agency Agreement in the capacity of registrar and any successor, substitute or additional Registrar from time to time appointed.

Regulation S means Regulation S of the Securities Act.

Regulation S Global Receipt has the meaning given to that term in Condition 2.1 (*Security*).

Relevant Rating Agency means each rating agency specified as such in the relevant Final Terms.

Replaced Collateral has the meaning given to that term in General Condition 6.5.1 (*Application of Proceeds of Series Assets*).

Replaced Purchased Collateral has the meaning given to that term in General Condition 7.2.2 (*Repurchase Agreement*).

Replacement has the meaning given to that term in General Condition 6.5.1 (*Application of Proceeds of Series Assets*) or, as the case may be, General Condition 7.2.2 (*Repurchase Agreement*).

Replacement Collateral has the meaning given to that term in General Condition 6.6.1 (*Replacement and/or Substitution of Collateral*).

Replacement Purchased Collateral has the meaning given to that term in General Condition 7.2.2 (*Repurchase Agreement*).

Repurchase Account has the meaning given to that term in General Condition 7.2.1 (*Purchases*).

Repurchase Agreement means a repurchase agreement between the Issuer and the Repurchase Counterparty in respect of the Debt Instruments on the terms set out in and/or incorporated by reference into the Series Instrument, as amended, restated and/or supplemented from time to time.

Repurchase Counterparty means the person (if any) executing the Series Instrument in the capacity of repurchase counterparty and any successor, substitute or additional Repurchase Counterparty from time to time appointed.

Repurchase Counterparty Deposit Account has the meaning given to that term in General Condition 7.2.3 (*Repurchase Agreement*).

Repurchase Price has the meaning given to that term in General Condition 7.2.1 (*Purchases*).

Restricted Global Debt Instrument has the meaning given to that term in General Condition 2.1 (*Form of Debt Instruments*).

Rule 144A means Rule 144A under the Securities Act.

Securities Act means the United States Securities Act of 1933, as amended.

Selling Agent means the person executing the Agency Agreement in the capacity of selling agent and any successor, substitute or additional Selling Agent from time to time appointed.

Series means one or more Tranches issued in a series of Debt Instruments.

Series Assets means the Collateral (if any) and the other property, assets and/or rights of the Issuer so specified to be Series Assets in the Series Instrument for the relevant Series of Debt Instruments and (only in the case of Debt Instruments to which General Condition 6.3 (*Security*) is specified to be applicable) which have been charged, assigned, pledged and/or otherwise made subject to the security created by the Issuer in favour of the Trustee pursuant to the Series Instrument and/or any Additional Security Document. The Series Assets shall have characteristics whereby, taken together, they demonstrate a capacity to produce funds to service the Issuer's obligations to make payments due and payable under the Debt Instruments.

Series Instrument means the series instrument dated the Issue Date of the relevant Series made between, *inter alios*, the Issuer and the Trustee, by which such Series of Instruments is constituted and (in the case of Secured Debt Instruments) secured, as amended, restated and/or supplemented from time to time.

Series Parties means the parties specified as such in the relevant Final Terms.

Settlement Amount means the amount specified as the Settlement Amount in the relevant Final Terms.

Settlement Currency means the currency specified as the Settlement Currency in the relevant Final Terms.

Settlement Date means, in the case of Certificates and Warrants, the date upon which the Cash Settlement Amount is payable, or, as the case may be, the Physical Settlement Amount is deliverable, in each case as specified in the relevant Final Terms.

Settlement Disruption Event has the meaning given to that term in the relevant Final Terms.

Shortfall means the amount, if any, by which the amount of the Net Proceeds is less than the payments which would, but for the provisions of General Condition 6.8 (*Realisation of the Series Assets*), have been due under the Debt Instruments and each Hedging Agreement and/or to any other Series Parties.

Specified Denomination means the denomination(s) specified in the relevant Final Terms.

Substitute Collateral has the meaning given to that term in General Condition 6.6.2 (*Replacement and/or Substitution of Collateral*).

Substitute Company has the meaning given to that term in General Condition 12.4 (*Substitution*).

Substitute Purchased Collateral has the meaning given to that term in General Condition 7.2.3 (*Repurchase Agreement*).

Substitution has the meaning given to that term in General Condition 6.6.2 (*Replacement and/or Substitution of Collateral*) or, as the case may be, General Condition 7.2.3 (*Repurchase Agreement*).

TARGET means the Trans-European Automated Real-time Gross Settlement Express Transfer System.

Tranche means, in respect of a Series, one or more tranches of Debt Instruments forming the whole or any part of a Series.

Transfer Agent means a person (if any) executing the Agency Agreement in the capacity of transfer agent and any successor, substitute or additional Transfer Agent from time to time appointed.

Trustee means Deutsche Trustee Company Limited of Winchester House, 1 Great Winchester Street, London EC2N 2DB or such other trustee as is specified in the relevant Final Terms and any successor, substitute or additional Trustee from time to time appointed.

Underlying means any underlying asset and/or basket of underlying assets and/or index comprising one or more underlying assets or other reference basis, in each case by reference to which the amount payable in relation to the Debt Instruments is determined.

United States has the meaning given to that term in Rule 902 under the Securities Act.

US Persons or individually a **US Person** has the meaning given to that term in Rule 902 under the Securities Act.

1.2 Interpretation

Words and expressions defined in the Series Instrument or the Agency Agreement or used in the relevant Final Terms shall have the same meanings where used in these General Conditions unless the context otherwise requires or unless otherwise stated. In the event of inconsistency between the Agency Agreement and the Series Instrument, the Series Instrument shall prevail and in the event of inconsistency between the Agency Agreement or the Series Instrument and the relevant Final Terms, the relevant Final Terms shall prevail.

Reference in these General Conditions to **Debt Instruments** means the Debt Instruments of the same Series unless express reference is made to another or more than one Series and these General Conditions therefore apply separately to each Series. A **Series** of Debt Instruments comprises Debt Instruments issued by the Issuer on the same date, and on the same terms (including as to interest (if any)) and identified in the relevant Final Terms as forming a Series, together with any Further Debt Instruments issued pursuant to General Condition 14 (*Further Issues*) and being consolidated and forming a single series with such Debt Instruments.

The terms **Debt Instruments**, **holder of Debt Instruments** and **Debt Instrumentholder** shall be construed in accordance with General Condition 2.2 (*Title and Transfer*).

In these General Conditions, in the Series Instrument and in the relevant Final Terms, the term **outstanding** means, in relation to a Series of Debt Instruments, all the Debt Instruments of that Series issued except (a) those which have been redeemed in accordance with the General Conditions, (b) those in respect of which the date for redemption in accordance with the General Conditions has occurred and the redemption moneys (including premium, if any, and all interest accrued thereon to the date for such redemption and any interest payable under the General Conditions after such date) have been duly paid or, where physical settlement applies, the relevant assets have been delivered to the Trustee or to the Principal Agent as provided in the Series Instrument and remain available for payment against presentation and surrender of Debt Instruments, (c) those which have become void and those in respect of which claims have become prescribed in accordance with the General Conditions, (d) those which have been purchased and cancelled as provided in the General Conditions, (e) those mutilated or defaced Debt Instruments which have been surrendered in exchange for replacement Debt Instruments, and (f) (for the purpose only of determining how many Debt Instruments are outstanding and without prejudice to their status for any other purpose) those Debt Instruments alleged to have been lost, stolen or destroyed and in respect of which replacement Debt Instruments have been issued; provided that for the purposes of (1) the exercise of any right of the relevant Debt Instrumentholders (other than to payment), (2) the determination of how many Debt Instruments are outstanding for the purposes of the provisions in the Series Instrument relating to the holding of meetings of Debt Instrumentholders the provision by the Debt Instrumentholders of a resolution in writing or any other direction or request thereof or ascertaining whether a requirement under the Series Instrument or the General Conditions for a specified percentage of the aggregate Nominal Amount of the Debt Instruments outstanding has been satisfied and (3) the exercise of any discretion, power or authority which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Debt Instrumentholders of Debt Instruments, those Debt Instruments which are beneficially held by or on behalf of the Issuer and not cancelled shall (unless no longer so held) be deemed not to remain outstanding.

In these General Conditions, in the Series Instrument and in the relevant Final Terms, the terms **rated** and **rating** shall denote ratings by each Relevant Rating Agency.

2. Form and Title

The Debt Instruments may be Notes, Certificates or Warrants as specified in the relevant Final Terms and provisions in these General Conditions relating to Notes only, Certificates only or Warrants only shall only apply to Debt Instruments identified as such in the relevant Final Terms.

2.1 Form of Debt Instruments

The Debt Instruments may be issued in bearer form (**Bearer Debt Instruments** and each a **Bearer Debt Instrument** or in registered form (**Registered Debt Instruments** and each a **Registered Debt Instrument**) and in the Nominal Amount specified in the relevant Final Terms.

- (A) **Bearer Debt Instruments.** Except as otherwise provided in the relevant Final Terms, each Series of Bearer Debt Instruments will be represented by interests in a permanent global debt instrument (each a **Bearer Global Debt Instrument**) in bearer form, without interest coupons (in the case of Notes), which will be deposited on the relevant Issue Date with the Clearing Agent or its depository or custodian. Bearer Debt Instruments which are represented by a Bearer Global

Debt Instrument that is deposited with the Clearing Agent or its depository or custodian will be issued in compliance with the TEFRA D rules.

The following legend will appear on all Bearer Debt Instruments having an original maturity of more than 365 days from their date of issue and on all Coupons relating to such Bearer Debt Instruments:

"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.

NO US PERSON (AS DEFINED IN REGULATION S OF THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED) MAY BENEFICIALLY OWN ANY PORTION OF THIS OBLIGATION AND, AS PROVIDED HEREIN, NO SUCH PERSON SHALL BE ENTITLED TO PAYMENT OF PRINCIPAL OR INTEREST ON OR IN RESPECT OF THIS OBLIGATION."

The following legend will appear on all Bearer Debt Instruments having an original maturity of not more than one year from their date of issue and on all Coupons relating to such Bearer Debt Instruments:

"THIS SECURITY RELATES TO DEBT INSTRUMENTS WITH A MATURITY OF NOT MORE THAN ONE YEAR FROM THE DATE OF ISSUE. BY ACCEPTING THIS OBLIGATION THE HOLDER REPRESENTS AND WARRANTS THAT IT IS NOT A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE AND REGULATIONS THEREUNDER) AND THAT IT IS NOT ACTING FOR OR ON BEHALF OF A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE AND REGULATIONS THEREUNDER).

NO US PERSON (AS DEFINED IN REGULATION S OF THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED) MAY BENEFICIALLY OWN ANY PORTION OF THIS OBLIGATION AND, AS PROVIDED HEREIN, NO SUCH PERSON SHALL BE ENTITLED TO PAYMENT OF PRINCIPAL OR INTEREST ON OR IN RESPECT OF THIS OBLIGATION."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Debt Instruments or 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 Bearer Debt Instruments or Coupons.

If the relevant Final Terms so provides, the Bearer Global Debt Instrument of a Series of Bearer Debt Instruments may be deposited on the relevant Issue Date with the Custodian Bank on behalf of, and for the account of, the Depository Bank in accordance with the Deposit and Custody Agreement. The Depository Bank will issue two permanent Book-Entry Global Receipts, in registered form, which together shall evidence all the interests in the Bearer Global Debt Instruments. One such Book-Entry Global Receipt (the **Reg S Global Receipt**) will evidence the Debt Instruments represented by such Bearer Global Debt Instruments sold to non-US persons in "offshore transactions" within the meaning of Regulation S and the other such Book-Entry Global Receipt (the **144A Global Receipt**) will evidence the

Debt Instruments represented by such Bearer Global Debt Instrument sold in the United States or to, or for the account or benefit of, US Persons, exclusively to QIBs that are also QPs.

Bearer Debt Instruments in definitive form will not be issued.

- (B) **Registered Debt Instruments.** Unless otherwise provided in the relevant Final Terms, Registered Debt Instruments of each Series or Tranche to be sold to non-US Persons in "offshore transactions" within the meaning of Regulation S will be represented by interests in a permanent global security in registered form, without interest coupons (each a **Reg S Global Debt Instrument**), which will be issued and deposited on the relevant Issue Date with a Clearing Agent or its custodian or depository. Beneficial interests in a Reg S Global Debt Instrument may only be transferred under the conditions set forth in 2.4(c) below.

Unless otherwise provided in the relevant Final Terms, Registered Debt Instruments of each Series or Tranche to be sold in the United States or to, or for the account or benefit of, US Persons (which shall be exclusively QIBs that are also QPs), will be represented by a restricted permanent global security in registered form, without interest coupons (a **Restricted Global Debt Instrument** and, together with a Reg S Global Debt Instrument, a **Registered Global Debt Instrument**) which will be issued and deposited with a Clearing Agent or its custodian or depository. Beneficial interests in a Restricted Global Debt Instrument may only be transferred under the conditions set forth in General Condition 2.4(C) below.

Registered Debt Instruments in definitive form will not be issued.

All Registered Debt Instruments of the same Series shall have the same Specified Denomination.

2.2 Title and Transfer

For so long as any of the Debt Instruments are represented by Bearer Global Debt Instruments or Registered Global Debt Instruments held on behalf of a Clearing Agent other than DTC, each person (other than another Clearing Agent) who is for the time being shown in the records of the relevant Clearing Agent as the holder of an aggregate Nominal Amount of such Debt Instruments (in which regard any certificate or other document issued by the relevant Clearing Agent as to the aggregate Nominal Amount of Debt standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated to the full extent permitted by applicable laws and unless otherwise ordered by a court of competent jurisdiction by the Issuer, the Trustee and the Agents as the holder of such aggregate Nominal Amount of the Debt Instruments (and the terms **Debt Instruments**, **holder of Debt Instruments**, **Debt Instrumentholder** and related expressions shall be construed accordingly) for all purposes. In the event that Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt are appointed as Clearing Agents, Deutsche Bank AG London will act as depository. Bearer Global Debt Instruments and Registered Global Debt Instruments will be transferable in accordance with applicable law and any rules and procedures for the time being of the relevant Clearing Agent. In addition, each Reg S Global Debt Instrument and Restricted Global Debt Instrument, and any interests therein, will be subject to certain restrictions on transfer set out in a legend set forth in the Reg S Global Debt Instrument or Restricted Global Debt Instrument (the **Legend**), as the case may be.

So long as the Bearer Global Debt Instrument has been deposited with the Custodian Bank on behalf of the Depository Bank, the Depository Bank will be considered the sole holder of the Bearer Global Debt Instrument to the full extent permitted by applicable laws

and unless otherwise ordered by a court of competent jurisdiction by the Issuer, the Trustee and the Agents as the holder of such aggregate Nominal Amount of the Debt Instruments. Except as set forth below, owners of beneficial interests in the any Book-Entry Global Receipt or Registered Global Debt Instrument registered in the name of DTC or its nominee will not be entitled to have the Debt Instruments registered in their names, will not receive or be entitled to receive physical delivery of the Debt Instruments or receipts therefor in definitive form and will not be considered the owners or holders thereof for any purpose by the Issuer, the Trustee, the Agents or the Arranger. Accordingly, each person having an ownership or other interest in a Book-Entry Global Receipt or such a Registered Global Debt Instrument must rely on the procedures of DTC and Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt and, if such person is not a participant in DTC, Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt, as the case may be, on the procedures of the participant or other securities intermediary through which such person owns its interest, to exercise any rights and obligations of a holder under the Series Instrument, the Agency Agreement, the Debt Instruments or the Deposit and Custody Agreement, and any interests in the Debt Instruments will be subject to certain restrictions on transfer set out in a legend set forth in a Restricted Global Debt Instrument, a Reg S Global Receipt or a 144A Global Receipt, as the case may be (each, a **Legend**).

Payments of any amounts in respect of the Bearer Global Debt Instrument held on behalf of the Depository Bank or its nominee will be made through a paying agent to the Custodian Bank, as the holder thereof. Under the Deposit and Custody Agreement, the Depository Bank is to pay an amount equal to all such payments to DTC for credit to its Participants' accounts, as described below. None of the Issuer, the Trustee, the Custodian Bank, the Depository Bank or any agent of any of them will have any responsibility or liability for any aspect of the records of any securities intermediary in the chain of intermediaries between the Custodian Bank and any beneficial owner of an interest in the Bearer Global Debt Instrument, or the failure of any such intermediary to pass through to any such beneficial owner any payments made by the Issuer to the Custodian Bank in respect of such Bearer Global Debt Instrument. None of the Issuer and the Trustee or any agent of any of them will have any responsibility or liability for any failure of the Custodian Bank or the Depository Bank to pass through to any such beneficial owner any payments made by the Issuer to the Depository Bank or its nominee in respect of such Bearer Global Debt Instrument. The Depository Bank is only obliged to make any payment on a Book-Entry Global Receipt to the extent it receives proceeds from the Issuer for such purpose.

The Issuer expects that DTC, Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt, as the case may be, upon receipt of any payment of principal or interest in respect of the Book-Entry Global Receipt or Registered Debt Instrument, will immediately credit Participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the respective Book-Entry Global Receipt as shown on the records of DTC, Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt, as the case may be. The Issuer also expects that payments by Participants to owners of beneficial interests in a Book-Entry Global Receipt or Registered Global Debt Instrument held through such Participants will be governed by standing instructions and customary practices, as is now 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 Participants.

2.3 Transfer and Exchange of Bearer Debt Instruments

Registered Debt Instruments may not be exchanged for Bearer Debt Instruments, Bearer Debt Instruments may not be exchanged for Registered Debt Instruments and Bearer Debt Instruments of one Specified Denomination may not be exchanged for Bearer Debt Instruments of another Specified Denomination.

Transfer of Bearer Global Debt Instruments. Transfers of a Bearer Global Debt Instrument shall be limited to transfers of such Bearer Global Debt Instrument, in whole but not in part, to the relevant Clearing Agent or the Depository Bank, as the case may be, or its custodian or nominee or to a successor to such Clearing Agent or the Depository Bank, as the case may be.

2.4 Transfer and Exchange of Registered Debt Instruments

- (A) **Transfer of Registered Debt Instruments.** Transfers of a Registered Debt Instrument shall be limited to transfers of such Registered Debt Instrument, in whole but not in part, to a nominee of the relevant Clearing Agent or to a successor to such Clearing Agent or such successor's nominee.
- (B) **Transfers of Interests in Reg S Global Debt Instruments.** Transfers by the holder of, or of a beneficial interest in, a Reg S Global Debt Instrument will only be made:
- (i) to a transferee who takes delivery of such interest through the Reg S Global Debt Instrument, upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate, copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Reg S Global Debt Instrument or beneficial interest therein to the effect that such transfer is being made to a non-US Person in an offshore transaction pursuant to Regulations S; or
 - (ii) to a transferee in the United States or who is a US Person who takes delivery of such interest through a Restricted Global Debt Instrument, upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate, copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Reg S Global Debt Instrument or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is both a QIB and a QP in a transaction meeting the requirements of Rule 144A, and, in each case, in accordance with any applicable securities laws of the United States and of any state of the United States or any other jurisdiction. Any transfer or other disposition of interests in a Reg S Global Debt Instrument other than in accordance with the above or that would, in the sole determination of the Issuer, require the Issuer to register as an "investment company" under the provisions of the Investment Company Act, will be void ab initio and such transfer or other disposition will not be honoured by the Registrar or the Trustee. With respect to transfers under (ii) above, at no time may any interest in a Restricted Global Debt Instrument be owned beneficially by a person that is not both a QIB and a QP at the time it purchases such interest. In order to ensure compliance with this limitation, the registration of such interest may be refused if as a result of such issuance or transfer, the relevant interest in the Restricted Global Debt Instrument will be owned by a person that is not both a QIB and a QP. Accordingly, any transferee or other holder in such a transaction will not be entitled to any rights as a registered holder of such interest in such Restricted Global Debt Instrument.

The Issuer shall have the right at any time, at the expense and risk of the holder of an interest in a Restricted Global Debt Instrument held by or on behalf of a US Person that is not both a QIB and a QP at the time it purchases such interest, (i) to redeem any such interest, in whole or in part, to permit the Issuer to avoid

registration under the Investment Company Act or (ii) to require any such holder to sell such interest to a QIB who is also a QP or to a non-US Person outside the United States that takes delivery of such interest through a Reg S Global Debt Instrument.

(C) **Transfers of Interests in Restricted Global Debt Instruments.**

Transfers by the holder of, or a beneficial interest in, a Restricted Global Debt Instrument may be made:

- (i) to a transferee who takes delivery of such interest through a Restricted Global Debt Instrument upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate, copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Restricted Global Debt Instrument or beneficial interest therein to the effect that that such transfer is being made to, a person whom the transferor reasonably believes is both a QIB and a QP in a transaction meeting the requirements of Rule 144A; or
- (ii) to a transferee who takes delivery of such interest through a Reg S Global Debt Instrument upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate, copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Restricted Global Debt Instrument or beneficial interest therein to the effect that such transfer is being made to a non-US Person in an offshore transaction pursuant to Regulations S,

and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. At no time may any interest in a Restricted Global Debt Instrument be owned beneficially by a person who is both a QIB and a QP at the time it purchases such interest. In order to ensure compliance with this limitation, the registration of such interest may be refused if as a result of such issuance or transfer, the relevant interest in the Restricted Global Debt Instrument will be owned by a person that is not both a QIB and a QP. Any transfer or other disposition of an interest in a Restricted Global Debt Instrument that would, in the sole determination of the Issuer, require the Issuer to register as an "investment company" under the provisions of the Investment Company Act will be void ab initio and such transfer or other disposition will not be honoured by the Registrar or the Trustee. Accordingly, any transferee or other holder in such a transaction will not be entitled to any rights as a registered holder of such interest in such Restricted Global Debt Instrument.

The Issuer shall have the right at any time, at the expense and risk of the holder of an interest in a Restricted Global Debt Instrument held by or on behalf of a person that is not both a QIB and a QP at the time it purchases such interest, (i) redeem any such interest, in whole or in part, to permit the Issuer to avoid registration under the Investment Company Act or (ii) to require any such holder to sell such interest to a QIB who is also a QP or to a non-US Person outside the United States who takes delivery of such interest through a Reg S Global Debt Instrument.

- (D) **General.** Upon any transfer of interests in a Reg S Global Debt Instrument or a Restricted Global Debt Instrument in accordance with the above, on the transfer date and the Registrar will decrease or increase, as appropriate, the number (in the case of Registered Debt Instruments representing Warrants or Certificates) or the principal amount (in the case of Registered Debt Instruments representing Notes)

of Registered Debt Instruments represented by the Reg S Global Debt Instrument or the Restricted Global Debt Instrument.

2.5 Transfers of Interests in Book-Entry Global Receipts.

Upon the issuance of each Book-Entry Global Receipt, DTC or its nominee will credit the respective Debt Instruments represented by such Book-Entry Global Receipt to the account of Participants. The accounts credited will be designated by holders of the Book-Entry Global Receipt. Ownership of beneficial interests in the Book-Entry Global Receipt will be limited to Participants or persons that may hold interests through Participants. Ownership of beneficial interests by Participants in the Book-Entry Global Receipt will be shown on, and the transfer of those ownership interests will be effected only through, records maintained by DTC or its nominee for the Book-Entry Global Receipt. Ownership of beneficial interests in the respective Book-Entry Global Receipt by persons that hold through Participants will be shown on, and the transfer of those ownership interests within such Participant will be effected only through records maintained by such Participant. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to transfer beneficial interests in a Book-Entry Global Receipt.

Transfers by the holder of a beneficial interest in, a Book-Entry Global Receipt initially sold in the United States or to, or for the account of, a US Person that is a QIB and also a QP will only be made to a transferee in the United States or that is a US Person who takes delivery of such interest through the 144A Global Receipt, upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate, copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Book-Entry Global Receipt or beneficial interest therein to the effect that such transfer is being made to a person that the transferor reasonably believes is both a QIB and a QP in a transaction meeting the requirements of Rule 144A (ii). Transfers by the holder of, or of a beneficial interest in, a Book-Entry Global Receipt initially sold in an "offshore transaction" within the meaning of Regulation S will only be made to a transferee that takes delivery of such interest through the Reg S Global Receipt.

In addition, in each case, any such transfer shall be in accordance with the restrictions described below under "Sales and Transfer Restrictions" and with any applicable securities laws of the United States and of any state of the United States or any other jurisdiction. Any transfer or other disposition of interests in a Book-Entry Global Receipt other than in accordance with the above or that would, in the sole determination of the Issuer, require the Issuer to register as an investment company under the provisions of the Investment Company Act, will be void ab initio and such transfer or other disposition will not be honoured by the Registrar or the Trustee. With respect to transfers under (i) above, at no time may any interest in a Book-Entry Global Receipt or 144A Global Receipt be owned beneficially by a person that is not both a QIB and a QP at the time it purchases such interest. In order to ensure compliance with this limitation, the registration of such interest may be refused if as a result of such issuance or transfer, the relevant interest in the Book-Entry Global Receipt will be owned by a US Person that is not both a QIB and a QP. Accordingly, any transferee or other holder in such a transaction will not be entitled to any rights as a registered holder of such interest in such Book-Entry Global Receipt.

The Issuer shall have the right at any time, at the expense and risk of the holder of an interest in a Book-Entry Global Receipt held by or on behalf of a person that is not both a QIB and a QP at the time it purchases such interest, (i) to redeem any such interest, in whole or in part, to permit the Issuer to avoid registration under the Investment Company Act or (ii) to require any such holder to sell such interest to a QIB that is also a QP or to a non-US Person outside the United States who takes delivery of such interest through a Reg S Global Receipt.

Pursuant to Chapter VI, Article 3, clause A/II/2 of the Rules and Regulations of the Luxembourg Stock Exchange, the Instruments will, upon listing on the Luxembourg Stock Exchange, be freely transferable on the Luxembourg Stock Exchange and, therefore, no transactions involving the Instruments made on the Luxembourg Stock Exchange may be cancelled.

2.6 Exchange and transfer free of charge

Exchange and transfer of Debt Instruments on registration or transfer will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment by the relevant Debt Instrumentholder (or the giving by the relevant Debt Instrumentholder of such indemnity as the Registrar or the relevant Transfer Agent may require in respect thereof) of any tax or other governmental charges which may be imposed in relation to it.

2.7 Closed periods

No Debt Instrumentholder may require the transfer of a Registered Debt Instrument to be registered (i) during the period of 15 calendar days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Debt Instrument, (ii) during the period of 15 calendar days prior to any date on which Debt Instruments may be redeemed by the Issuer at its option pursuant to General Condition 5.3 (*Issuer Call Option*), (iii) after any such Debt Instrument has been drawn for redemption or exercised in whole or in part or (iv) during the period of seven days ending on (and including) any Record Date.

Record Date means the day falling 15 calendar days prior to the due date for the relevant payment.

3. Status

The Debt Instruments are limited recourse obligations of the Issuer, ranking *pari passu* without any preference among themselves, which are subject to the provisions of the Securitisation Act 2004 and, if so specified in the relevant Final Terms, secured in the manner described in General Condition 6 (*Series Assets, Collateral and Security (if applicable)*) and recourse in respect of which is limited in the manner described in General Condition 6.8 (*Realisation of the Series Assets*).

4. Payments, Deliveries, Debt Instrumentholder Expenses and Taxation

4.1 Payments and/or deliveries in respect of Debt Instruments

Payments and/or deliveries, as the case may be, in respect of the Debt Instruments will be made as provided in the relevant Final Terms.

4.2 Payments and deliveries subject to law, etc.

All payments and/or deliveries are subject in all cases to any applicable fiscal or other laws, regulations and directives. Exercise, settlement and redemption of the Debt Instruments is subject to all applicable laws, regulations and practices in force on any relevant date of exercise, settlement or redemption, as the case may be, and neither the Issuer nor the Trustee nor any Agent shall incur any liability whatsoever if the Issuer or the Agent is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the Trustee nor the Principal Agent, nor the Registrar shall under any circumstances be liable for any acts or defaults of any Clearing Agent in relation to the performance of its duties in relation to the Debt Instruments.

4.3 Debt Instrumentholder Expenses

In respect of each Debt Instrument, all Debt Instrumentholder Expenses in respect thereof shall be for the account of the relevant Debt Instrumentholder and any payment or delivery in respect of a Debt Instrument shall only be made after all Debt Instrumentholder Expenses in respect thereof have been paid or otherwise accounted for to the satisfaction of the Issuer.

4.4 Taxation

All payments and/or deliveries in respect of the Debt Instruments will be subject in all cases to all applicable fiscal and other laws and regulations (including, where applicable, laws requiring the deduction or withholding for, or on account of, any tax, duty or other charge whatsoever). The Issuer shall not be liable for or otherwise obliged to pay, and the relevant Debt Instrumentholder shall be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer (or agreement to transfer), any payment and/or any delivery (or any agreement for delivery) in respect of the Debt Instruments held by such Debt Instrumentholder. The Issuer shall have the right, but shall not be obliged, to withhold or deduct from any amount payable or, as the case may be, any delivery due to the Debt Instrumentholder, such amount or portion as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment.

4.5 No rights to Underlying

The purchase and/or holding of Debt Instruments does not confer on any holder of any Debt Instruments any rights (whether in respect of voting, distributions or otherwise) in relation to the Underlying or any asset of any kind whatsoever by reference to which any amount calculated in relation to the Debt Instruments is calculated.

5. Early Cancellation, Purchases and Options

5.1 Mandatory cancellation

Unless otherwise provided in the relevant Final Terms, the Debt Instruments will be cancelled if:

- 5.1.1 any of the Collateral becomes repayable or becomes capable of being declared due and repayable prior to its stated date of maturity for whatever reason (provided that if any of the Collateral comprises asset-backed securities then if any amount of principal in respect thereof becomes repayable prior to the stated maturity of the security but in accordance with the terms thereof, such circumstances shall not be a relevant event for the purpose of this General Condition 5.1.1); or
- 5.1.2 there is a payment default in respect of any of the Collateral (provided that if any of the Collateral comprises asset-backed securities then any deferral of interest or other payment thereunder in accordance with the terms thereof shall not constitute a "default" for the purposes of this General Condition 5.1.2).

Upon the occurrence of any event described in General Condition 5.1.1 or 5.1.2, the Issuer shall forthwith give not more than 30 nor less than 15 days' notice (unless otherwise specified in the relevant Final Terms) to the Trustee, the Debt Instrumentholders, each Hedging Counterparty, the Repurchase Counterparty (if any) and, for as long as the Debt Instruments are listed on a stock exchange and the rules of such stock exchange so require, such stock exchange, specifying the aggregate Nominal Amount of the Debt Instruments to be cancelled and the due date for cancellation and upon expiry of such notice (i) the Issuer shall cancel all but not some only of the

outstanding Debt Instruments at their Early Termination Amount (which, for the avoidance of doubt, in the case of Notes, where applicable (unless otherwise specified in the relevant Final Terms), shall include accrued interest up to the date fixed for cancellation), (ii) the Series Assets will be realised and distributed in accordance with the Securitisation Act 2004 and (iii) (in the case of Debt Instruments secured in the manner described in General Conditions 6.3.1 or 6.3.2 (*Security*)) the security constituted by or created pursuant to the Series Instrument over the Series Assets shall become enforceable.

In the event of such cancellation and (in the case of Secured Debt Instruments) the security constituted by or created pursuant to the Series Instrument and any other Additional Security Documents (if any) becoming enforceable, the Trustee may take such action as is provided in General Condition 6.8.1 and shall do so if so requested or directed in accordance with the provisions of such General Condition (subject in each case to its being indemnified and/or secured in accordance with such General Condition and provided always that the Trustee shall not be required to do anything which is contrary to any applicable law).

5.2 Cancellation for other reasons

If:

5.2.1 any Hedging Agreement is terminated in accordance with its terms prior to the Hedging Agreement Termination Date; and/or

5.2.2 the Repurchase Agreement is terminated as a result of a failure by the Repurchase Counterparty to make payments due to the Issuer under the Repurchase Agreement, or to deliver Purchased Collateral or Fungible Collateral to the Issuer when required under the Repurchase Agreement,

then the Issuer shall forthwith give not more than 30 nor less than 15 days' notice (unless otherwise specified in Series Instrument) to the Trustee, the Debt Instrumentholders, each Hedging Counterparty, the Repurchase Counterparty (if any) and, for as long as the Debt Instruments are listed on a stock exchange and the rules of such stock exchange so require, such stock exchange, and upon expiry of such notice (i) the Issuer shall cancel all but not some only of the Debt Instruments at their Early Termination Amount (which, for the avoidance of doubt, in the case of Notes, where applicable (unless otherwise specified in the relevant Final Terms), shall include accrued interest to the date fixed for cancellation), (ii) the Series Assets will be realised in accordance with the Securitisation Act 2004 and (iii) (in the case of Debt Instruments secured in the manner described in General Conditions 6.3.1 or 6.3.2 (*Security*)) the security constituted by or created pursuant to the Series Instrument shall become enforceable (if the same shall not already have become enforceable in accordance with these General Conditions).

In the event of such cancellation and (in the case of secured Debt Instruments) the security constituted by the Series Instrument or an Additional Security Document (if any) becoming enforceable, the Trustee may take such action as is provided in General Condition 6.8.1 (*Realisation of Series Assets*) and shall do so if so requested or directed in accordance with the provisions of such General Condition (subject in each case to its being indemnified and/or secured in accordance with such General Condition and provided that the Trustee shall not be required to do anything which is contrary to applicable law).

5.3 Issuer Call Option

If so provided in the relevant Final Terms, the Issuer may, on giving irrevocable notice (such notice the **Optional Redemption Notice**) (a) on a date within the Optional Redemption Period and/or (b) at least three Business Days prior to an Optional

Redemption Date (each as specified in the relevant Final Terms) to the Debt Instrumentholders, the Trustee and, for as long as the Debt Instruments are listed on a stock exchange and the rules of such stock exchange so require, such stock exchange, cancel all (but not some only) of the Debt Instruments (1) in the case of (a) above, on the date specified in such notice, such date not falling prior to the date on which such notice is effective in accordance with General Condition 15 and (2) in the case of (b) above, on the relevant Optional Redemption Date or, in each case if such day does not fall on a Business Day, then the following Business Day. Any such redemption of Debt Instruments shall be at the Optional Redemption Amount (which, for the avoidance of doubt, in the case of Notes, where applicable (unless otherwise specified in the relevant Final Terms), shall include accrued interest to the date fixed for such optional redemption).

All Debt Instruments in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this General Condition.

5.4 **Purchases**

Unless otherwise provided in the relevant Final Terms, and subject to receipt by the Issuer of an amount (whether by sale of the Collateral (or in the case of a purchase of some only of the Debt Instruments, a proportion of the Collateral corresponding to the proportion of the Debt Instruments to be purchased) or otherwise) which, plus or minus any termination payment and any expenses payable to or by the Issuer from or to any Hedging Counterparty or other party on the termination (or, as the case may be, partial termination) of each Hedging Agreement, is sufficient to fund the purchase price payable by the Issuer, the Issuer may purchase Debt in the open market or otherwise at any price.

5.5 **Redemption or Required Sale of Interests**

Any transfer or other disposition of an interest in a Restricted Global Debt Instrument that would, in the sole determination of the Issuer, require the Issuer to register as an "investment company" under the provisions of the Investment Company Act will be void *ab initio* and such transfer or other disposition will not be honoured by the Registrar. Accordingly, any transferee or other holder in such a transaction will not be entitled to any rights as a registered holder of such interest in such Restricted Global Debt Instrument.

The Issuer shall have the right at any time, at the expense and risk of the holder of an interest in a Restricted Global Debt Instrument held by or on behalf of a US Person who is not a QIB who is also a QP at the time it purchases such interest, (i) to redeem any such interest, in whole or in part, to permit the Issuer to avoid registration under the Investment Company Act or (ii) to require any such holder to sell such interest to a QIB who is also a QP or to a non-US Person outside the United States.

Unless otherwise specified in the applicable Final Terms, any transfer of any interest in a Debt Instrument to (i) an employee benefit plan (as defined in section 3(3) of the US Employee Retirement Income Security Act of 1974, as amended, (**ERISA**)), whether or not subject to ERISA, (ii) a plan described in section 4975(e)(1) of the US Internal Revenue Code of 1986, as amended or (iii) an entity whose underlying assets include plan assets by reason of a plan's investment in the entity under US Department of Labor Regulations § 2510.3-101 (29 c.f.r. § 2510.3-101) (each a **Benefit Plan Investor**), or to a transferee using the assets of a Benefit Plan Investor to acquire such interest securities or holding such interest for or on behalf of a Benefit Plan Investor, shall be deemed to be void *ab initio* and of no legal effect whatsoever. Any such transferee shall be deemed not to be the holder of an interest in the Debt Instrument for any purpose, and such transferee shall be deemed to have no interest whatsoever in such Debt Instrument. The Issuer shall have the right at any time, at the expense and risk of the holder of an interest in a Debt Instrument held by or on behalf of any Benefit Plan Investor, (i) to redeem any such interest, in whole or in part, or (ii) to require any such holder to sell such interest to a QIB

who is also a QP, in the case of Debt Instrument represented by a Restricted Global Debt Instrument, or to a non-US Person outside the United States, and in each case to a transferee who is not a Benefit Plan Investor.

5.6 Cancellation

All Debt Instruments purchased by or on behalf of the Issuer must be cancelled by surrendering the relevant Global Debt Instrument for endorsement to, or to the order of, the Principal Agent (in respect of the Bearer Debt Instruments) and, when so surrendered, the Global Instrument will be endorsed to reflect such cancellation. In the case of Registered Debt Instruments, the Global Instrument relating to such Registered Debt Instruments shall be surrendered to the Registrar and in each case when so surrendered the Global Instrument will be endorsed to reflect such cancellation. Any Debt Instruments cancelled or so surrendered for cancellation may not be held, reissued or resold and the obligations of the Issuer in respect of any such Debt Instruments shall be discharged.

5.7 Exercise Rights

This General Condition 5.7 shall be applicable in respect of Certificates and Warrants only. Warrants are a form of derivative instrument that allow investors to gain higher returns than they would so through the direct ownership of the underlying asset. This leveraged effect also creates some risk and may expose the investor to risk of loss on his original investment. A warrant gives the investor a right but not an obligation to buy (call) or sell (put) a specified underlying at a particular price within a particular timeframe.

Certificates are commonly considered as a warrant with no leveraged effect. The price of a certificate tracks the price of the underlying directly and offers a lower risk of investment. Certificates can be a cost efficient method of buying a basket of stocks or exposure to an index.

Unless previously purchased or cancelled, if so specified in the relevant Final Terms as being applicable, each Debt Instrument will be exercised automatically on the Exercise Date and the provisions of this General Condition 5.7 shall apply. The expression "exercise" and related expressions shall be construed to apply to any Debt Instruments which are automatically exercised on the Exercise Date in accordance with this General Condition 5.7. The Debt Instrumentholder will not be required to complete an exercise notice.

5.8 Settlement and Settlement Procedure

5.8.1 Settlement

Each Debt Instrument entitles its holder to receive from the Issuer:

- (1) if Settlement means Cash Settlement, the Cash Settlement Amount;
- (2) if Settlement means Physical Settlement, delivery of the Physical Settlement Amount; or
- (3) if Settlement means Cash Settlement or Physical Settlement, either payment of the Cash Settlement Amount or delivery of the Physical Settlement Amount as determined by the Issuer,

such settlement to occur, subject as provided below and subject to the payment of any taxes arising in respect of such settlement in accordance with General Condition 4.4, on the Settlement Date.

Where the Issuer elects to effect settlement by payment of cash instead of physical settlement, the Debt Instrumentholder may, in certain circumstances, be subject to taxation on the amount received or suffer other adverse tax consequences. Such consequences may vary between Debt Instrumentholders and so Debt Instrumentholders are advised to obtain individual tax advice.

The Issuer will give notice to the Debt Instrumentholders in accordance with General Condition 15 (*Notices*) not less than the Notice Period prior to the Settlement Date stating whether Cash Settlement or Physical Settlement (if the Issuer may so elect as may be specified in the relevant Final Terms) applies, provided that if the Issuer fails to give such notice Cash Settlement shall be deemed to apply. Subject to Condition 5.8.4 below, the Issuer shall pay to each Debt Instrumentholder the Cash Settlement Amount or deliver to each Debt Instrumentholder the Physical Settlement Amount on the Settlement Date specified in the relevant Final Terms.

5.8.2 Rounding

For the purposes of any calculations required pursuant to the provisions hereof (unless otherwise specified), (x) all percentages resulting from such calculation will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up) (y) all figures will be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up) save in the case of yen, which shall be rounded down to the nearest yen. For these purposes, **unit** means, with respect to any currency other than euro, the lowest amount of such currency which is available as legal tender in the country of such currency and, with respect to euro means 0.01 euro.

5.8.3 Determination or Calculation by Trustee

If the Calculation Agent fails at any time for any reason to determine or calculate the Cash Settlement Amount or Physical Settlement Amount or any Adjustment Amount or to comply with any other requirement of it in relation to the Debt Instruments, the Trustee shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this General Condition 5.8 (*Settlement and Settlement Procedure*), with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

5.8.4 Settlement Disruption

If, prior to the delivery in accordance with the provisions hereof of a Physical Settlement Unit in respect of any Instrument, in the opinion of the Calculation Agent a Settlement Disruption Event is subsisting, then the obligation of the Issuer to deliver such Physical Settlement Unit shall be postponed to the first following Business Day on which no Settlement Disruption Event is subsisting.

For so long as delivery of any part of the Physical Settlement Amount is not practicable by reason of a Settlement Disruption Event, then in lieu of Physical Settlement in respect of such part of the Physical Settlement Amount and notwithstanding any other provision hereof the Issuer may elect in its sole and absolute discretion to satisfy its obligations in respect of the relevant Debt Instrument in respect of such part of the Physical Settlement Amount by payment

of the Disruption Cash Settlement Price not later than on the third Business Day following the date that the notice of such election is given to the Debt Instrumentholders in accordance with General Condition 15 (*Notices*).

The Calculation Agent shall give notice as soon as practicable to the Debt Instrumentholders in accordance with General Condition 15 (*Notices*) that a Settlement Disruption Event has occurred.

No Debt Instrumentholder or any other person shall be entitled to any payment in respect of a Debt Instrument in the event of any delay in the delivery of any Physical Settlement Unit due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

5.8.5 Intervening Period

If settlement of a Debt Instrument is to be by delivery of the Physical Settlement Amount, for such period of time after the Settlement Date as the Issuer or any person on behalf of the Issuer may be the legal owner of any of the Physical Settlement Units comprising the Physical Settlement Amount (the **Intervening Period**), neither the Issuer nor any other such person shall:

- (1) be under any obligation to deliver or procure delivery to the relevant Debt Instrumentholder or any subsequent beneficial owner of such Physical Settlement Units or any other person any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in its capacity as the holder of such Physical Settlement Units;
- (2) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such Physical Settlement Units during the Intervening Period; or
- (3) be under any liability to the relevant Debt Instrumentholder or any subsequent beneficial owner of such Physical Settlement Units or any other person in respect of any loss or damage which the relevant Debt Instrumentholder or subsequent beneficial owner or any other person may sustain or suffer as a result, whether directly or indirectly, of the Issuer or any other such person being the legal owner of such Physical Settlement Units during such Intervening Period.

5.8.6 Dividends

Where the Physical Settlement Amount includes shares, any dividend or other similar amount in respect of such Physical Settlement Amount will be payable to the party that would receive such dividend or other amount according to market practice for a sale of the relevant Physical Settlement Unit(s) executed on the Settlement Date and to be delivered in the same manner as such Physical Settlement Unit(s).

5.8.7 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 General Condition 5.8 whether by the Calculation Agent or the Trustee or its appointee shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Agent, the Paying Agents, the Calculation Agent and all Debt Instrumentholders and no liability to the Issuer, the Debt Instrumentholders or any other person shall attach to (in the absence as aforesaid) the Calculation Agent or (in the absence of wilful default) the Trustee or

its appointee (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

6. Series Assets, Collateral and Security (if applicable)

6.1 Series Assets

The Securitisation Act 2004 provides that the Series Assets (and the proceeds thereof) specified in the relevant Final Terms are available solely to meet the claims of the Series Parties.

6.2 Collateral

Unless otherwise specified in the relevant Final Terms, the Issuer will procure that the Collateral (if any) is delivered to the Custodian on the Issue Date or within the period thereafter specified in the relevant Final Terms and, with effect from such delivery, the Collateral will be held by the Custodian on behalf of the Issuer subject to the security created subject to the conditions set out in the Securitisation Act 2004 and (in the case of secured Debt Instruments) by or pursuant to the Series Instrument and any Additional Security Document.

If the Issuer acquires Collateral after the Issue Date, until such acquisition the Series Assets will not comprise (and, in the case of Secured Debt Instruments, the Debt Instruments will not be secured on) the Collateral but only the rights of the Issuer under the other Series Assets (if any).

6.3 Security

If it is stated in the relevant Final Terms that this General Condition 6.3 applies, the Series Assets are subject to security created in favour of the Trustee on behalf of the Series Parties as follows.

6.3.1 If it is stated in the relevant Final Terms that the security for the Debt Instruments is "Collateral charged to Trustee", the Issuer has in the Series Instrument created the following security:

6.3.1.1 (i) a first fixed charge and/or assignment by way of first fixed charge in favour of the Trustee of the Collateral and all of the Issuer's rights in respect of and sums derived from the Collateral (including, without limitation, any proceeds of the sale thereof) and (ii) an assignment by way of first fixed charge in favour of the Trustee of all of the Issuer's rights in respect of the Collateral against the Custodian;

6.3.1.2 an assignment by way of first fixed charge in favour of the Trustee of all of the Issuer's rights, title and interest under each relevant Hedging Agreement and/or Repurchase Agreement and any sums of money, securities or other property received or receivable by the Issuer thereunder;

6.3.1.3 a first fixed charge in favour of the Trustee over (i) the Issuer's right to all sums held by the Principal Agent and/or any Paying Agent and/or the Custodian to meet payments due in respect of the Debt Instruments and under the Series Instrument, (ii) any sums of money, securities or other property received or receivable by the Issuer under any relevant Hedging Agreement and/or Repurchase Agreement and (iii) all of the Issuer's rights as against the Custodian in respect of any sum standing to the credit of the Deposit Account (as defined in General Condition 6.6

(Replacement and/or Substitution of Collateral) or the Repurchase Account (as defined in General Condition 7.2 *(Repurchase Agreement)*); and

6.3.1.4 an assignment by way of first fixed charge in favour of the Trustee of all of the Issuer's rights, title and interest under the Agency Agreement and all sums derived therefrom in respect of the Debt Instruments.

6.3.2 If it is stated in the relevant Final Terms that the security for the Debt Instruments is "Collateral charged to Trustee; additional foreign law security", the Issuer has in the Series Instrument created the security specified in General Condition 6.3.1 and has in addition, and without prejudice to the security specified in General Condition 6.3.1.1, executed in favour of the Trustee the pledge or security or other agreement or document specified in the relevant Final Terms (each, an **Additional Security Document**).

6.4 **General provisions relating to security (if applicable)**

If the relevant Final Terms states that General Condition 6.3 applies, unless otherwise specified in the relevant Final Terms, the security constituted or created pursuant to the Series Instrument and any Additional Security Document will be granted to the Trustee for itself and as trustee under the Series Instrument as continuing security (i) for the payment of all sums due to the Trustee or any receiver under the Series Instrument and/or any Additional Security Document, (ii) for the payment of all sums due under the Debt Instruments, (iii) for the performance of the Issuer's obligations under each Hedging Agreement, (iv) for the payment of all sums payable to the Custodian for reimbursement in respect of payments made to any Hedging Counterparty by the Custodian relating to sums receivable on or in respect of the Collateral pursuant to any provision of the Agency Agreement which requires the Issuer to reimburse (and to pay interest on the amount reimbursed as provided in the Agency Agreement) the Custodian for any payment made by the Custodian to any Hedging Counterparty relating to sums receivable on or in respect of the Collateral before actual payment to the Custodian of the amount receivable on or in respect of the Collateral and (v) for the payment of all sums payable to the Principal Agent or the Registrar, as the case may be, pursuant to any provision of the Agency Agreement which requires the Issuer to reimburse (and to pay interest on the amount reimbursed as provided in the Agency Agreement) the Principal Agent or the Registrar, as the case may be, for any amount paid out by the Principal Agent or the Registrar, as the case may be, to the holders of Debt before receipt of the corresponding amount due from the Issuer.

Enforceability

Unless otherwise specified in the relevant Final Terms, the security constituted by or created pursuant to the Series Instrument and any Additional Security Document shall become enforceable (i) in the circumstances specified in General Condition 5.1 or 5.2, (ii) upon the occurrence of an Event of Default (as defined in General Condition 10) and (iii) on the Hedging Agreement Termination Date if sums remain owing to a Hedging Counterparty under a Hedging Agreement.

Holder of Collateral

Unless otherwise specified in the relevant Final Terms, the Collateral will be held by the Custodian on behalf of the Issuer on and subject to the terms and conditions of the Agency Agreement and, where applicable, subject to the security referred to in General Condition 6.3.1 or 6.3.2. The Issuer reserves the right at any time with the prior written consent of the Trustee to change the Custodian, provided that, in respect of Debt Instruments which are rated by one or more Relevant Rating Agencies, each Relevant Rating Agency will have confirmed in writing that such change will not adversely affect its

then current rating of such Debt Instruments. Notice of such change shall be given to the Debt Instrumentholders in accordance with General Condition 15. Under the terms of the Agency Agreement, the Custodian may appoint one or more sub-custodians in relation to the Collateral, but such appointment shall not relieve the Custodian of any of its duties under the Agency Agreement.

Floating Charge

The obligations of the Issuer in relation to all Series of Debt Instruments will also be secured pursuant to the Deed of Floating Charge dated on or around the date of this Prospectus by a floating charge over the whole of its undertaking and assets to the extent that such undertaking and assets are not subject to any other security created by the Issuer. The principal purpose of the aforementioned security is to ensure that the Trustee has security over substantially the whole of the assets of the Issuer, so allowing the Trustee to appoint an administrative receiver (as defined in Section 29 of the Insolvency Act 1986). The Trustee is entitled to enforce the security constituted by the floating charge only if an application to the English courts for an administration order has been made but shall not be obliged to enforce the security created by the floating charge unless directed by an Extraordinary Resolution of the holders of any secured Series of Instruments and indemnified or secured to its satisfaction. The obligations of the Issuer are, however, limited in recourse as provided in General Condition 11 (*Enforcement*), and accordingly, even if the security created by the floating charge may become enforceable, the amounts due to the Debt Instrumentholders and any Hedging Counterparty will not be increased as a result thereof and shall be limited to the net proceeds of realisation of the Series Assets and subject to the provisions of General Condition 6 (*Series Assets, Collateral and Security (if applicable)*) as to application of such net proceeds and to the provisions of General Condition 11 (*Enforcement*).

The Series Instrument provides that the Trustee shall not be bound or concerned to make any investigation into, or be responsible for, inter alia:

- (1) *the creditworthiness of the Collateral or any obligor or guarantor in respect of the Collateral or of any Hedging Counterparty, Repurchase Counterparty or other person which is a party to any other agreement or document constituting or evidencing any of the Collateral or the other Series Assets; or*
- (2) *the validity, sufficiency or enforceability of the obligations of any such person as is referred to in sub-paragraph (1) above or of the security constituted by or pursuant to the Series Instrument or any other agreement or document constituting the security for the Debt Instruments; or*
- (3) *whether the cashflows relating to the Collateral and/or the Series Assets and the Debt Instruments are matched.*

6.5 Application of Proceeds of Series Assets

The Trustee shall (subject to the provisions of the Series Instrument) apply all moneys received by it under the provisions of the Series Instrument and (in the case of secured Debt Instruments) any Additional Security Document in connection with the realisation or enforcement of the Series Assets pursuant to the Series Instrument and (in the case of secured Debt Instruments) any Additional Security Document in accordance with the following provisions of this General Condition 6.5:

- 6.5.1 first, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts incurred by or payable to the Trustee or any receiver under or pursuant to the Series Instrument and (in the case of secured Debt Instruments) any Additional Security Document (which for the purpose of this General Condition

6.5 and the Series Instrument shall include any taxes required to be paid, the costs of realising any security and the Trustee's remuneration);

6.5.2 secondly, *pro rata* in payment of any amounts owing to each Hedging Counterparty under a Hedging Agreement (which for the purpose of this General Condition 6.5 and the Series Instrument shall include any amounts owing to the Custodian for reimbursement in respect of payments made to a Hedging Counterparty relating to sums receivable on or in respect of the Collateral);

6.5.3 thirdly, *pro rata* in payment of any amounts owing to the holders of the Debt Instruments (which for the purpose of this General Condition 6.5 and the Series Instrument shall include any amount owing to the Principal Agent and/or the Registrar, as the case may be, for reimbursement in respect of any payment made to holders of the Debt Instruments or to a Clearing Agent on behalf of such holders); and

6.5.4 fourthly, in payment of the balance (if any) to the Issuer,

PROVIDED THAT, if the realisation or enforcement of the Series Assets pursuant to the Series Instrument and (in the case of Secured Debt Instruments) any Additional Security Document has arisen as a result of any event of default (as defined in a Hedging Agreement) relating to any Hedging Counterparty, then the Trustee shall apply all moneys received by it under the provisions of the Series Instrument and any Additional Security Document (if applicable), either:

(A) if **Debt Instrumentholder Pari Passu Basis** is specified in the relevant Final Terms:

(1) first, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts incurred by or payable to the Trustee or any receiver under or pursuant to the Series Instrument and/or any Additional Security Document (if applicable) (which for the purpose of this General Condition 6.5 and the Series Instrument shall include any taxes required to be paid, the costs of realising any security and the Trustee's remuneration);

(2) secondly, *pro rata* in payment of any amounts owing to each Hedging Counterparty under a Hedging Agreement (which for the purpose of this General Condition 6.5 and the Series Instrument shall include any amounts owing to the Custodian for reimbursement in respect of payments made to a Hedging Counterparty relating to sums receivable on or in respect of the Collateral) and the holders of the Debt Instruments; and

(3) thirdly, in payment of the balance (if any) to the Issuer, or

(B) if **Debt Instrumentholder Priority Basis** is specified in the relevant Final Terms:

(1) first, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts incurred by or payable to the Trustee or any receiver under or pursuant to the Series Instrument and/or any Additional Security Document (if applicable) (which for the purpose of this General Condition 6.5 and the Series Instrument shall include any taxes required to be paid, the costs of realising any security and the Trustee's remuneration);

(2) secondly, *pro rata* in payment of any amounts owing to the holders of the Debt Instruments (which for the purpose of this General Condition 6.5 and the Series Instrument shall include any amount owing to the Principal Agent and/or the Registrar, as the case may be, for reimbursement in respect of

any payment made to holders of the Debt Instruments or to a Clearing Agent on behalf of such holders);

- (3) thirdly, *pro rata* in payment of any amounts owing to each Hedging Counterparty under a Hedging Agreement (which for the purpose of this General Condition 6.5 and the Series Instrument shall include any amounts owing to the Custodian for reimbursement in respect of payments made to a Hedging Counterparty relating to sums receivable on or in respect of the Collateral); and
- (4) fourthly, in payment of the balance (if any) to the Issuer.

By subscribing to, or otherwise acquiring, the Instruments, each Instrumentholder expressly consents to the provisions of this General Condition 6.5 and the limitation of their rights in accordance with article 64 of the Securitisation Act 2004 and are deemed to have accepted such provisions and the consequences thereof.

6.6 Replacement and/or Substitution of Collateral

6.6.1 If it is specified in the relevant Final Terms that this General Condition 6.6.1 applies to the Debt Instruments, the Board, on the basis of article 16 of the Articles, may from time to time, subject to and in accordance with the provisions of the Series Instrument, require that any securities or other assets for the time being comprising all or part of the Collateral (but excluding any Collateral which has been transferred to the Repurchase Counterparty pursuant to an exercise of the Purchase Option (as defined in General Condition 7.2 (*Repurchase Agreement*))) (hereinafter referred to as the **Replaced Collateral**) be replaced (a **Replacement**) by Eligible Securities (**Replacement Collateral**); provided however that:

- (1) the Replacement Collateral forms part of the Series Assets for the relevant Series;
- (2) in the case of Secured Debt Instruments, upon any release of the Replaced Collateral from the security created by or pursuant to the Series Instrument and/or any Additional Security Document, any such Replacement Collateral being substituted for the Replaced Collateral has been delivered, transferred or assigned to the Issuer on the same terms (*mutatis mutandis*) as the Replaced Collateral and is subject to the charge or other security interest created by or pursuant to the Series Instrument and/or any Additional Security Document;
- (3) in respect of rated Debt Instruments, (x) the Replacement Collateral is comprised of Eligible Debt Instruments which have an Equivalent Rating and (y) the Issuer shall have received written confirmation from each Relevant Rating Agency that its then current rating of the Debt Instruments will not be adversely affected by the Replacement; and
- (4) such other conditions as may be specified in the relevant Final Terms are satisfied.

If the Issuer has so agreed with any Hedging Counterparty, such Hedging Counterparty shall deliver the Replacement Collateral to the Issuer in exchange for the Replaced Collateral.

The Trustee shall not be liable to the Issuer, any Hedging Counterparty, the Debt Instrumentholders or any other person and the Issuer shall not be liable to the

Trustee, any Hedging Counterparty or the Debt Instrumentholders for any loss arising from any Replacement pursuant to the foregoing.

In respect of secured Debt Instruments, the Series Instrument provides that, in connection with any Replacement, the Trustee shall receive a certificate from the Issuer (or the relevant Hedging Counterparty (acting on its behalf)) describing the Replacement and confirming that sub-paragraphs (1), (2), (3) and (4) above have been complied with, and that it may rely absolutely upon such certificate for all purposes and shall make no further enquiry of any nature. By subscription for, or acquisition of, any Debt Instrument, each Debt Instrumentholder accepts and is bound by this provision.

The Series Instrument provides that the Trustee shall not be liable to the Issuer, any Hedging Counterparty, the Repurchase Counterparty, any Debt Instrumentholder or any other person, nor shall the Issuer be liable to the Trustee, any Debt Instrumentholder, any Hedging Counterparty, the Repurchase Counterparty or any other person, for any loss arising from Replacement pursuant to the foregoing.

6.6.2 If securities and/or other assets which comprise all or part of the Collateral have a maturity date or are otherwise redeemed (in whole or in part) on a date which falls prior to the Settlement Date (in the case of Certificates and Warrants) or the Maturity Date (in the case of Notes) (**Maturing Collateral**) and it is provided in the relevant Final Terms that this General Condition 6.6.2 applies to the Debt Instruments, the proceeds of redemption received upon maturity of such Maturing Collateral shall be applied by the Custodian on behalf of the Issuer:

6.6.2.1 in the purchase of Eligible Securities (**Substitute Collateral** and each such purchase a **Substitution**); and/or

6.6.2.2 by crediting such proceeds of redemption to an interest bearing account in the name of the Custodian (the **Deposit Account**) on terms that the funds standing to the credit of such Deposit Account shall earn the rate or rates of interest (which may be a floating rate or rates) specified in the relevant Final Terms or, if no rate is so specified, such rate or rates as may be determined from time to time by the Custodian. The Custodian may from time to time apply the funds standing to the credit of the Deposit Account in the purchase of Eligible Securities, in which case such purchase, and the Eligible Securities so purchased, will be deemed to be a Substitution and Substitute Collateral, respectively, for the purposes of this General Condition 6.6.2. Subject to any such application by the Custodian, the Issuer and the Custodian will procure that funds credited to the Deposit Account from time to time (including capitalised interest) shall be debited from the Deposit Account as and when necessary to be applied, in accordance with the provisions of the Series Instrument, by the Issuer in connection with paying sums when due under the Debt Instruments or as otherwise specified in the Series Instrument.

Notwithstanding the foregoing, a Substitution may only be made if:

(a) the Substitute Collateral has been delivered, transferred or assigned to the Issuer on the same terms (*mutatis mutandis*) as the Maturing Collateral and is subject to the charge or other security interest created by or pursuant to the Series Instrument and/or any Additional Security Document;

- (b) in respect of rated Debt Instruments, each Relevant Rating Agency is notified of the Substitution or the crediting of funds to the Deposit Account, as the case may be, and (if applicable) (i) the Substitute Collateral is comprised of Eligible Securities which have an Equivalent Rating and (ii) the Issuer has received written confirmation from each Relevant Rating Agency that its then current rating of the Debt Instruments will not be adversely affected by the Substitution; and
- (c) such other conditions as may be specified in the relevant Final Terms are satisfied.

All determinations of the availability of Substitute Collateral, and all determinations and calculations of the purchase price and applicable date for purchase thereof shall be made by the relevant Hedging Counterparty in accordance with the Series Instrument and all such determinations and calculations shall be binding on the Issuer, the Trustee, the Debt Instrumentholders and all other persons. The Trustee shall not be liable to the Issuer, the Debt Instrumentholders or any other person, nor shall the Issuer be liable to the Trustee or any Debt Instrumentholders, for any loss arising from any Substitution pursuant to the foregoing.

The Series Instrument provides that, in connection with any Substitution, the Trustee shall receive a certificate from the Issuer (or the relevant Hedging Counterparty (acting on its behalf)) describing the Substitution and confirming that sub-paragraphs (a), (b) and (c) above have been complied with, and it may rely absolutely upon such certificate for all purposes and need make no enquiry of any nature. By subscription for, or acquisition of, any Debt Instrument, each Debt Instrumentholder accepts and is bound by this provision.

The Series Instrument provides that the Trustee shall not be liable to the Issuer, any Hedging Counterparty, the Repurchase Counterparty, any Debt Instrumentholders or any other person, nor shall the Issuer be liable to the Trustee, any Debt Instrumentholders, any Hedging Counterparty, the Repurchase Counterparty or any other person, for any loss arising from any Substitution pursuant to the foregoing.

- 6.6.3 All rights of Replacement and/or Substitution under General Condition 6.6 (*Replacement and/or Substitution of Collateral*) shall cease forthwith upon the security constituted by the Series Instrument becoming enforceable whether in whole or in part.

In the case of a Replacement and/or Substitution in accordance with this General Condition 6.6, supplementary listing particulars will, in the case of any Series of Debt Instruments listed on the Luxembourg Stock Exchange and/or any other stock exchange (and for so long as the rules of the Luxembourg Stock Exchange or, as the case may be, such other stock exchange so require), be lodged with the Luxembourg Stock Exchange or, as the case may be, such other stock exchange.

6.7 Purchase of Collateral maturing after the Settlement Date and/or Maturity Date

If any securities forming all or part of the Collateral have a maturity date falling after the Settlement Date (in the case of Certificates and Warrants) or the Maturity Date (in the case of Notes), the Issuer may agree to sell such Collateral to any Hedging Counterparty for value on the Settlement Date or, as the case may be, the Maturity Date at a price equal to the principal amount thereof.

6.8 Realisation of the Series Assets

6.8.1 Realisation of Series Assets

In the event of the realisation of the Series Assets constituted by Series Instrument the Trustee may, at its discretion, and shall:

- 6.8.1.1 if requested in writing by the holders of at least one-fifth in aggregate Nominal Amount of the Debt Instruments then outstanding; or
- 6.8.1.2 if directed by an Extraordinary Resolution (as defined in the Series Instrument) of the Debt Instrumentholders; or
- 6.8.1.3 if directed in writing by each Hedging Counterparty (but only if the Hedging Agreement(s) have each terminated in accordance with their respective terms prior to the respective Hedging Agreement Termination Dates or, on or after the latest Hedging Agreement Termination Date(s), if sums remain owing to any Hedging Counterparty under the Hedging Agreement(s)),

do one or more of the following:

- (i) instruct the Selling Agent to endeavour to sell or otherwise realise the Collateral in accordance with General Condition 6.8.2 (*Selling Agent*) and the provisions of the Agency Agreement;
- (ii) take other steps to realise all or some of the Collateral;
- (iii) terminate and/or enforce and/or realise each Hedging Agreement, Repurchase Agreement or other agreement entered into by the Issuer, the rights of the Issuer in respect of which form part of the Series Assets; and
- (iv) in the case of Secured Debt Instruments, otherwise enforce the security constituted by or pursuant to the Series Instrument and/or any Additional Security Document,

in each case without any liability as to the consequences of such action and without having regard to the effect of such action on individual Debt Instrumentholders and provided that the Trustee shall not be required to take any action under this General Condition without first being indemnified and/or secured to its satisfaction or to do anything which is or may be contrary to any applicable law. Subject as provided in the following paragraph, any request or direction given by the person or persons ranking in priority immediately after the Trustee (the **Entitled Beneficiary**) pursuant to the provisions of General Condition 6.5 (*Application of Proceeds of Series Assets*) will have priority over any conflicting direction given under this General Condition 6.8.1 and, in the absence of any such request or direction, the Trustee may at its discretion decline to act on any request or discretion given by any other person.

Where there is a conflict between any request and/or direction given pursuant to General Condition 6.8.1 and **Debt Instrumentholder Priority Basis** is specified in the relevant Final Terms and is applicable, any request or direction given by the Entitled Beneficiary will have priority over any conflicting request or direction given under this General Condition 6.8.1 and, in the absence of any such request or direction by the Entitled Beneficiary, the Trustee may at its discretion decline to act on any request or direction given by any other person. If **Debt Instrumentholder Pari Passu Basis** is specified in the relevant Final Terms and is applicable, any request of the kind referred to in General Condition 6.8.1.1 or direction of the kind referred to in General Condition 6.8.1.2 shall have priority over any conflicting

request or direction under this General Condition 6.8.1 and the Trustee may at its discretion decline to act on any other request or direction.

6.8.2 Selling Agent

If the Selling Agent is instructed by the Trustee in accordance with General Condition 6.8.1 to endeavour to sell or otherwise realise the Collateral, the Selling Agent shall, on behalf of and as the agent of the Trustee pursuant to, and in accordance with, the provisions of the Agency Agreement, use all reasonable endeavours to sell or otherwise realise the Collateral as soon as reasonably practicable on or after the date on which it receives such instruction at its best execution price less any commissions or expenses charged by the Selling Agent and specified for this purpose in the Series Instrument.

If, however, the Selling Agent determines that there is no available market for the Collateral, or if the Selling Agent otherwise determines that it is impossible to sell or otherwise realise the Collateral or any part of it, the Selling Agent will promptly notify the Issuer, the Trustee and each Hedging Counterparty of such lack of availability or impossibility and the Selling Agent shall not be required to effect the sale or other realisation of the Collateral or any further part of it. Any such determination by the Selling Agent shall be in its sole discretion and shall be binding on the Issuer, the Trustee, each Hedging Counterparty and the Debt Instrumentholders. In the event that the Selling Agent makes such determination, the Trustee may, at its discretion, and shall if so requested or directed in accordance with General Condition 6.8.1 (but subject in each case to its first being indemnified and/or secured to its satisfaction in accordance with such General Condition) realise all or part of the Collateral by other means.

In order to obtain its best execution price for the above purposes, the Selling Agent shall be required to take reasonable care to ascertain the price which is the best available for the sale or other realisation of the Collateral at the time of the sale or other realisation for transactions of the kind and size concerned and, unless circumstances require the Selling Agent to do otherwise in the interests of the Debt Instrumentholders, to deal at a price which is not less advantageous to the Debt Instrumentholders.

The Trustee shall have no responsibility or liability for the performance by the Selling Agent of its duties under this General Condition 6.8.2 or for the price or time at which any of the Collateral may be sold or otherwise realised.

The Issuer expressly agrees with the provisions of this General Condition 6.8 and authorises the Trustee to act in accordance with such provisions.

6.9 Shortfall after application of proceeds

If the Net Proceeds are not sufficient to make all payments due in respect of the Debt Instruments and for the Issuer to meet its obligations, if any, in respect of the termination of each Hedging Agreement (or a part of any such Hedging Agreement) and/or any other obligations secured thereby, then the obligations of the Issuer in respect of the Debt Instruments and each Hedging Agreement and/or any such other obligations will be limited to such net proceeds. The other assets of the Issuer will not be available for payment of any Shortfall arising therefrom. Any Shortfall shall be borne by the Debt Instrumentholders, each Hedging Counterparty and any other persons entitled to the benefit of such security according to the priorities specified in the General Conditions (as modified by the relevant Final Terms if applicable) and applied in reverse order.

The Issuer will not be obliged to make any further payment in excess of the Net Proceeds and any right to receive any further sum in each case in respect of any Shortfall remaining after realisation of the Series Assets under General Condition 6.8 (*Realisation of the Series Assets*) and application of the proceeds in accordance with the Series Instrument shall be extinguished and neither the Trustee nor any Hedging Counterparty nor any Debt Instrumentholders nor any other Series Party (nor any person acting on behalf of any of them) may take any further action to recover such Shortfall. In particular, no such party will be able to petition for the winding-up of the Issuer. Failure to make any payment in respect of any Shortfall shall in no circumstances constitute an Event of Default under General Condition 10 (*Events of Default*).

6.10 Issuer's rights as holder of Collateral

The Issuer may exercise any rights in its capacity as holder of the Collateral only with the prior written consent of the Trustee (which consent may only be given by the Trustee in its absolute discretion if it is satisfied that to do so will not be materially prejudicial to the interests of the Debt Instrumentholders or if directed by an Extraordinary Resolution of the Debt Instrumentholders) and, if such consent is given, the Issuer will act only in accordance with such consent. In particular, the Issuer will not attend or vote at any meeting of holders of the Collateral, or give any consent or notification or make any declaration in relation to the Collateral, unless the Trustee shall give its prior written consent as aforesaid.

7. Hedging Agreements: Repurchase Agreements

7.1 Hedging Agreements

The Hedging Agreements

The Hedging Agreement(s) is/are entered into by the execution of the Series Instrument by the Issuer and the Hedging Counterpart(y)(ies). A summary of the terms of the Hedging Agreement(s) is set out in the relevant Final Terms.

Termination

Each Hedging Agreement will terminate on the Hedging Agreement Termination Date, unless terminated earlier in accordance with its terms. Unless otherwise specified in the relevant Final Terms, (i) each Hedging Agreement will terminate in full if all the Debt Instruments are cancelled prior to the Settlement Date (in the case of Certificates and Warrants) or the Maturity Date (in the case of Notes) pursuant to any provision of General Condition 5 (*Early Cancellation, Purchases and Options*) or upon the occurrence of an Event of Default and (ii) each Hedging Agreement will terminate in part (on a *pro rata* basis in a proportion of its nominal amount equal to the proportion that the Nominal Amount of the Debt Instruments being cancelled bears to the aggregate Nominal Amount of all the Debt Instruments immediately prior to such cancellation) if some of the Debt Instruments are cancelled prior to the Settlement Date (in the case of Certificates and Warrants) or the Maturity Date (in the case of Notes) pursuant to any provision of General Condition 5 (*Early Cancellation, Purchases and Options*). Each Hedging Agreement may also terminate in other circumstances as set out in such Hedging Agreement. In the event of an early termination of any Hedging Agreement, either the Issuer or the relevant Hedging Counterparty may be liable to make a termination payment to the other party in an amount determined in accordance with the provisions of such Hedging Agreement. The termination payment will be determined by the relevant Hedging Counterparty on the basis of such Hedging Counterparty's reasonable determination in good faith of its total losses and costs in connection with the termination of such Hedging Agreement. Unless otherwise specified in the relevant Final Terms, in the event of an early termination of any Hedging Agreement as a result of the cancellation of the Debt Instruments pursuant to

General Condition 5.1 (*Mandatory Cancellation*), any obligation of the Issuer at any time to deliver the Collateral to the relevant Hedging Counterparty shall for the purposes of the calculation of such termination payment be deemed to be replaced by an obligation of the Issuer to pay to the relevant Hedging Counterparty a sum equal to the nominal amount of such Collateral.

Taxation

Neither the Issuer nor any Hedging Counterparty is obliged under any Hedging Agreement to gross up payments to be made by it to the other if withholding taxes are imposed on such payments, but the Hedging Agreement(s) is terminable in such event. If the Issuer, on the occasion of the next payment due under a Hedging Agreement, would be required by law to withhold or account for tax such that it would be rendered unable to make payment of the full amount due or would be required to account for tax or would suffer tax on its income in respect of the amount paid to it, the Issuer shall so inform the Trustee in writing.

Downgrade

If so specified in the relevant Final Terms, in respect of rated Debt Instruments, if the long-term debt rating of any Hedging Counterparty is or may be downgraded with the result that the then current rating of the Debt Instruments by any Relevant Rating Agency is or may be adversely affected, such Hedging Counterparty will be entitled to transfer its rights and obligations under the relevant Hedging Agreement to another entity or to obtain a guarantee from another entity or to take such other action as may be specified in the relevant Hedging Agreement, subject as provided in this General Condition 7.1.

Transfer by Hedging Counterparty

Any transfer of the rights and obligations of any Hedging Counterparty or any guarantee of the obligations of any Hedging Counterparty (or of any transferee of the rights and obligations of Hedging Counterparty) in respect of any Hedging Agreement will be subject to:

- 7.1.1 the Trustee being satisfied that such rights and obligations have been effectively transferred to and/or guaranteed by, as the case may be, the transferee and/or guarantor selected by such Hedging Counterparty and that all the Issuer's right, title, benefit and interest in, to, under and in respect of the relevant Hedging Agreement following any such transfer and/or guarantee in respect of the obligations of such Hedging Counterparty (or, as the case may be, any transferee to whom the obligations of such Hedging Counterparty are transferred), are effectively secured in favour of the Trustee for the benefit of the Debt Instrumentholders, in each case in form and substance reasonably satisfactory to the Trustee;
- 7.1.2 in respect of rated Debt Instruments, the Trustee having received written confirmation from each Relevant Rating Agency that its then current rating of the Debt Instruments will not be adversely affected by any transfer and/or guarantee as is referred to above; and
- 7.1.3 the relevant Hedging Counterparty having indemnified the Issuer and the Trustee against any stamp or other documentary charges and all expenses (if any) incurred by the Issuer and/or the Trustee in connection with such transfer.

To the extent that any Hedging Counterparty fails to make payments due to the Issuer under a Hedging Agreement, the Issuer will be unable to meet its obligations in respect of the Debt Instruments. In such event, each Hedging Agreement will be terminated and the Debt Instruments will be cancelled in accordance with General Condition 5.2 (Cancellation

for other reasons). Upon realisation of the Series Assets, the net proceeds thereof may be less than the claims of the Hedging Counterparty(ies), the Debt Instrumentholders and the other persons entitled to the proceeds of realisation of the Series Assets. The Trustee shall not be bound or concerned to make any investigation into the creditworthiness of a Hedging Counterparty to which the rights and obligations of any Hedging Counterparty or any guarantee of the obligations of any Hedging Counterparty in respect of a Hedging Agreement for any Series have been transferred.

7.2 Repurchase Agreement

7.2.1 Purchases

If it is stated in the relevant Final Terms that the Issuer has entered into the Repurchase Agreement, the Repurchase Counterparty may, subject to the provisions thereof, at any time and from time to time prior to the Settlement Date (in the case of Certificates and Warrants) or the Maturity Date (in the case of Notes) (and provided that the Debt Instruments have not been cancelled prior to the Settlement Date (in the case of Certificates and Warrants) or the Maturity Date (in the case of Notes)), by giving written notice to the Issuer, the Trustee and the Custodian (a **Purchase Notice**), request the Issuer (the **Purchase Option**) to transfer any amount of the assets comprised in the Collateral (the **Purchased Collateral**) specified by the Repurchase Counterparty to the Repurchase Counterparty against payment to the Issuer of the purchase price (the **Purchase Price**) (if any) specified in, or determined in accordance with the provisions of, the relevant Final Terms.

Such transfer shall be on terms that:

- (a) full legal and beneficial ownership of such Purchased Collateral shall vest in the Repurchase Counterparty on the date specified in the Purchase Notice (the **Delivery Date**) free and clear of all charges, liens and encumbrances created by the Series Instrument with respect thereto or otherwise by the Issuer and together with the benefit of all the Issuer's rights and entitlements thereto and therein subsisting at the time the Purchase Option is exercised
- (b) the Repurchase Counterparty shall be obliged to deliver the Purchased Collateral or Fungible Collateral to the Issuer on the date specified in the relevant Purchase Notice or, if no date is so specified, on the date specified in the absolute discretion of the Repurchase Counterparty (each, a **Redelivery Date**) against payment by the Issuer to the Repurchase Counterparty of the repurchase price (the **Repurchase Price**) (if any) specified in, or determined in accordance with the provisions of, the relevant Final Terms; and
- (c) until the Purchased Collateral or Fungible Collateral is so delivered, all payments of principal, interest or other sums in respect of the Purchased Collateral will be made to the Repurchase Counterparty (each, a **Purchase Transaction**).

Unless otherwise provided in the relevant Final Terms, the Repurchase Price may not exceed the amount for the time being standing to the credit of the Repurchase Account (as defined below).

Notwithstanding the foregoing, in the case of Debt Instruments which are rated by one or more Relevant Rating Agencies the Issuer may enter into a Repurchase Agreement only if the Trustee shall have received written confirmation from each

such Relevant Rating Agency that (i) its then current rating of the Debt Instruments will not be adversely affected by the Issuer entering into the Repurchase Agreement and (ii) the Repurchase Agreement satisfies such conditions as such Relevant Rating Agencies may have specified as a condition of such rating(s).

Income Payments

Under the Repurchase Agreement, the Repurchase Counterparty in respect of a Purchase Transaction will be required to make payments to the Issuer equal to each payment of principal, interest, dividends or other distributions made by an obligor of the relevant Purchased Collateral (each an **Income Payment**) on the date on which such payments under such Purchased Collateral are made by the obligor of such Purchased Collateral.

Release of Collateral

Unless otherwise specified in the relevant Final Terms, if the Issuer, acting in accordance with the terms of the Repurchase Agreement, agrees to the terms of a Purchase Notice, the Issuer will be deemed to be authorised by the Series Parties, the Trustee (and, in the case of Secured Debt Instruments, by all other persons entitled to the benefit of the security created by or pursuant to the Series Instrument and any Additional Security Document (as the case may be)) to release from the Series Assets and the security (if applicable) created by or pursuant to the Series Instrument or any additional Security Document (as the case may be) the Collateral which is the subject of the Purchase Transaction. If any Purchased Collateral or Fungible Collateral is redelivered to the Issuer pursuant to the Repurchase Agreement, the right of the Issuer to receive payments from the Repurchase Counterparty equal to the Income Payments made on or in respect of such Purchased Collateral or Fungible Collateral shall terminate and, upon redelivery of such Purchased Collateral or Fungible Collateral, such Purchased Collateral or Fungible Collateral shall form part of the Series Assets and be subject to the security (if any) constituted by or created pursuant to the Series Instrument and any Additional Security Document (as the case may be).

Repurchase Account

Any amount of Purchase Price paid by the Repurchase Counterparty to the Issuer pursuant to the Repurchase Agreement shall be credited to an interest bearing account with the Custodian (the **Repurchase Account**) on terms that the funds standing to the credit of the Repurchase Account shall earn the rate or rates of interest (which may be a floating rate) specified in the relevant Final Terms and any such accrued interest shall be paid to the Repurchase Counterparty on the dates specified in the relevant Final Terms. Funds credited to the Repurchase Account from time to time (including capitalised interest) shall be debited from the Repurchase Account on each Repurchase Date to be applied in payment of the Repurchase Price then due or as otherwise provided in the Series Instrument.

Termination

To the extent that the Repurchase Counterparty fails to make payments due to the Issuer under the Repurchase Agreement, or to redeliver Purchased Collateral or Fungible Collateral to the Issuer when so required under the Repurchase Agreement, the Issuer will be unable to meet its obligations in respect of the Debt Instruments. In such event, the Repurchase Agreement will be terminated and the Early Termination Amount in respect of each Debt Instrument will become payable in accordance with General Condition 5.2 (*Cancellation for other reasons*). Upon realisation of the Series Assets, the net proceeds thereof may be less than the

claims of the Hedging Counterparty(ies), the Debt Instrumentholders and the other Series Parties.

Trustee not liable

The Trustee shall not be liable to the Issuer, the Debt Instrumentholders, any Hedging Counterparty or any other person for any loss arising from the exercise of any Purchase Option, any Purchase Transaction or (in the case of Secured Debt Instruments) any release of security in respect of Series Assets in connection therewith.

The Series Instrument provides that the Trustee shall not be bound or concerned to make any investigation into, or be responsible for, the creditworthiness of any Repurchase Counterparty.

- 7.2.2 If it is specified in the relevant Final Terms that General Condition 6.5.1 (*Application of Proceeds of Series Assets*) applies to the Debt Instruments and unless otherwise specified in the Series Instrument, the Repurchase Counterparty may request authorisation from the Issuer (such authorisation not to be unreasonably withheld) that any securities or other assets for the time being comprising all or part of the Purchased Collateral (hereinafter referred to as the **Replaced Purchased Collateral**) be replaced (a **Replacement**) by other securities or assets of a type or types (or combination thereof), having the features specified in respect of Replacement Collateral in the relevant Final Terms (or, if no features are so specified, having such features as the Repurchase Counterparty shall in its sole discretion determine) (**Replacement Purchased Collateral**) and on terms that such other conditions as may be specified in the Series Instrument in respect of a Replacement (as defined herein) are satisfied.

Any Replacement in respect of rated Debt Instruments is further conditional on either (i) the Replacement Purchased Collateral being comprised of Eligible Securities which have an Equivalent Rating or (ii) the Issuer having received written confirmation from each Relevant Rating Agency that its then current ratings of the Debt Instruments will not be adversely affected by the Replacement. Subject to the Issuer authorising the Replacement (and subject as provided in respect of rated Debt Instruments), any such Replacement Purchased Collateral shall (to the extent delivered by the Repurchase Counterparty to the Issuer when required under the Repurchase Agreement) constitute Replacement Purchased Collateral.

Subject as provided in respect of rated Debt Instruments, if the Issuer has determined (acting in its sole discretion) that it will authorise the Replacement, the Issuer shall forthwith notify the Trustee, each Hedging Counterparty, the Principal Agent, the Custodian, the Calculation Agent and, in accordance with General Condition 15 (*Notices*), the Debt Instrumentholders of the Replacement.

The Trustee shall not be liable to the Issuer, the Debt Instrumentholders, any Hedging Counterparty or any other person and the Issuer shall not be liable to the Trustee, the Debt Instrumentholders, any Hedging Counterparty or any other person for any loss arising from any Replacement pursuant to the foregoing.

- 7.2.3 If it is specified in the relevant Final Terms that General Condition 6.5.2 (*Application of Proceeds of Series Assets*) applies to the Debt Instruments and securities and/or other assets which comprise all or part of the Purchased Collateral have a maturity date which falls prior to the Settlement Date (in the case of Certificates and Warrants) or the Maturity Date (in the case of Notes) (**Maturing Purchased Collateral**), then unless provided otherwise in the Series Instrument, the proceeds of redemption received upon maturity of such Maturing Purchased

Collateral may, upon request to the Issuer (such authorisation not to be unreasonably withheld) and if such request is authorised, be applied by the Repurchase Counterparty:

- 7.2.3.1 in the purchase of further securities and/or other assets of a type or types (or combination thereof) identified by the Repurchase Counterparty and having the features (if any) specified in respect of Substitute Collateral in the relevant Final Terms (or, if no features are so specified, having such features as the Repurchase Counterparty shall in its sole discretion determine), but subject as provided below in respect of rated Debt Instruments (**Substitute Purchased Collateral** and each such purchase, a **Substitution**). Any such Substitute Purchased Collateral so specified shall (to the extent delivered by the Repurchase Counterparty to the Issuer when required under the Repurchase Agreement) constitute Substitute Purchased Collateral for the purposes of the Debt Instruments; and/or
- 7.2.3.2 by crediting such proceeds of redemption to an interest bearing account in the name of the Repurchase Counterparty (the **Repurchase Counterparty Deposit Account**) opened by the Repurchase Counterparty with a bank or other financial institution selected by the Repurchase Counterparty in respect of the proceeds of redemption of Substitute Purchased Collateral. Subject to any contrary provision in the relevant Final Terms or in the Purchase Notice, the Repurchase Counterparty will procure that funds credited to the Repurchase Counterparty Deposit Account from time to time (including capitalised interest) shall be debited from the Repurchase Counterparty Deposit Account as and when necessary and paid to the Issuer for application by the Issuer in connection with paying sums when due under the Debt Instruments.

Notwithstanding the foregoing, a Substitution may only be made if such conditions as are specified in the Series Instrument in respect of a Substitution (as defined herein) are satisfied and, in respect of rated Debt Instruments if, each Relevant Rating Agency is notified of the Substitution or the credit of funds to the Repurchase Counterparty Deposit Account, as the case may be, and either (i) (if applicable) the Substitute Purchased Collateral is comprised of Eligible Securities which have an Equivalent Rating or (ii) the Issuer has received written confirmation from each Relevant Rating Agency that its then current ratings of the Debt Instruments will not be adversely affected by the Substitution.

The Series Instrument provides that the Trustee shall not be liable to the Issuer, any Hedging Counterparty, the Repurchase Counterparty, any Debt Instrumentholders or any other person, nor shall the Issuer be liable to the Trustee, any Debt Instrumentholders, any Hedging Counterparty, the Repurchase Counterparty or any other person, for any loss arising from any Replacement and/or Substitution pursuant to the foregoing.

In the case of a Replacement and/or Substitution in accordance with this General Condition 7.2, a Supplement to the Base Prospectus will, in the case of any Series of Debt Instruments listed on the Luxembourg Stock Exchange or any other stock exchange (and for so long as the rules of the Luxembourg Stock Exchange or, as the case may be, such other stock exchange so require), be published on the website of the Luxembourg Stock Exchange or, as the case may be, lodged with such other stock exchange.

8. Restrictions

The Issuer has covenanted in the Series Instrument that, *inter alia*, so long as any of the Debt Instruments remain outstanding, it will not, without the consent of the Trustee (which may only be given if the Trustee is of the opinion that to do so will not be materially prejudicial to the interests of the Debt Instrumentholders):

- 8.1 engage in any activity or do any thing whatsoever except:
 - 8.1.1 issue Instruments (which as defined herein include further Instruments) which are subject to the Securitisation Act 2004 and the enforcement and limited recourse provisions contained in the Series Instrument (in the case of Debt Instruments) and the Articles (in the case of Beneficiary Shares) (**Permitted Investments**) or otherwise incur indebtedness in respect of moneys borrowed or raised where such indebtedness is incurred on terms that it is subject to the Securitisation Act 2004 and/or relates to assets or other property which are not part of the Series Assets of any other Instruments and on terms which provide for the extinguishment of all claims in respect of such indebtedness after application of the proceeds of the assets on which such indebtedness is secured (**Permitted Indebtedness**);
 - 8.1.2 enter into any agency agreement, series instrument, hedging agreement, repurchase agreement, deed of floating charge or any deed or agreement of any other kind related to any Permitted Investment or Permitted Indebtedness, but provided always that any such deed or agreement is entered into on terms that the obligations of the Issuer thereunder relate to a Compartment of specified assets of the Issuer (other than its share capital) which do not form part of the Series Assets and on terms which provide for extinguishment of all claims in respect of such obligations after application of the assets on which such indebtedness is secured;
 - 8.1.3 acquire, or enter into any agreement constituting, the Collateral in respect of any Permitted Investment or the assets securing any Permitted Indebtedness;
 - 8.1.4 perform its obligations under each Permitted Investment or Permitted Indebtedness, agency agreement, series instrument, hedging agreement, repurchase agreement, deed of floating charge or other deeds or agreements incidental to the issue and constitution of, or the granting of security for, any Permitted Investment or Permitted Indebtedness;
 - 8.1.5 enforce any of its rights under each agency agreement, series instrument, hedging agreement, repurchase agreement, the deed of floating charge or any other deed or agreement entered into in relation to any Permitted Investment or Permitted Indebtedness;
 - 8.1.6 perform any act incidental to or necessary in connection with any of the above;
 - 8.1.7 as permitted by the General Conditions and the relevant Final Terms;
- 8.2 have any subsidiaries;
- 8.3 subject to General Condition 8.1, dispose of any of its property or other assets or any part thereof or interest therein (subject as provided in the General Conditions relating to any Permitted Investment or the terms and conditions of any Permitted Indebtedness);
- 8.4 issue or create any other Series of Debt Instruments unless either (a) the trustee thereof is the same person as the Trustee for the Debt Instruments or (b) the Trustee has received

legal advice satisfactory to it from reputable legal advisers in England and the jurisdiction of incorporation of the Issuer to the effect that the appointment of a person other than the Trustee as trustee of such Series of Debt Instruments will not adversely affect the ability of the Trustee to appoint an administrative receiver over the assets of the Issuer pursuant to the floating charge contained in the Series Instrument, unless in the case of rated Debt Instruments, each Relevant Rating Agency has confirmed in writing that such issue or creation would not adversely affect its then current rating of such Debt Instruments;

- 8.5 following an issue of Debt Instruments pursuant to which the Issuer has relied on the exemption from registration as an "investment company" under the Investment Company Act provided by Section 3(c)(7) thereof (**Section 3(c)(7)**), issue additional Debt Instruments of such Series or another Series within the United States, or to or for the account or benefit of, US Persons, unless the Issuer further relies on Section 3(c)(7) to maintain its exemption from registration as an "investment company" under the Investment Company Act, including compliance with General Condition 2 and this General Condition 8.5 with respect to such additional Debt Instruments;
- 8.6 purchase, own, lease or otherwise acquire any real property (including office premises or like facilities), unless in the case of rated Debt Instruments, each Relevant Rating Agency has confirmed in writing that such purchase, ownership, letting or acquisition by other means would not adversely affect its then current rating of such Debt Instruments;
- 8.7 consolidate or merge with any other person; or
- 8.8 incur any indebtedness for borrowed money other than in respect of the Instruments or any Permitted Investment or any Permitted Indebtedness.

9. Prescription

Claims against the Issuer for payment in respect of the Debt Instruments shall be prescribed and become void unless made within 10 years or, where applicable, five years (in the case of interest) from the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which notice is duly given to the Debt Instrumentholders in accordance with General Condition 15 (*Notices*) that, upon further presentation of the Debt Instrument being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

10. Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in aggregate Nominal Amount of the Debt Instruments then outstanding, or if so directed by an Extraordinary Resolution of such holders, shall (subject in each case to being indemnified and/or secured to its satisfaction), give notice to the Issuer that, in respect of each such Debt Instrument, the Early Termination Amount (which, for the avoidance of doubt, shall include accrued interest (if any) thereon to the date of payment in respect of Notes) is, and shall accordingly forthwith become, immediately due and payable, and the Series Assets will be subject to realisation in accordance with the Securitisation Act 2004 and the terms of the Series Instrument and the security (if any) constituted by or created pursuant to the Series Instrument and any Additional Security Document shall become enforceable, as provided in the Series Instrument, in any of the following events (each an **Event of Default**):

- 10.1 if default is made for a period of 14 days or more in the payment of any sum due in respect of the Debt Instruments or any of them; or

- 10.2 if the Issuer fails to perform or observe any of its other obligations under the Debt Instruments, the Series Instrument or any Additional Security Document and (unless such failure is, in the opinion of the Trustee, incapable of remedy in which case no such notice as is referred to in this paragraph shall be required) such failure continues for a period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of notice requiring the same to be remedied (and for these purposes, a failure to perform or observe an obligation shall be deemed to be remediable notwithstanding that the failure results from not doing an act or thing by a particular time); or
- 10.3 if any order shall be made by any competent court or any resolution passed for the winding-up or dissolution of the Issuer save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms previously approved in writing by the Trustee or by an Extraordinary Resolution or formal notice is given of an intention to appoint an administrator or any application is made or petition is lodged or documents are filed with the court or administrator in relation to the Issuer.

The Issuer has undertaken in the Series Instrument that, on each anniversary of the date of the first entry into of a Series Instrument between the Issuer and the Trustee and also within 14 days upon request by the Trustee, it will send to the Trustee a certificate signed by a Director of the Issuer to the effect that, after making all reasonable enquiries by such Director, to the best of the knowledge, information and belief of such Director there did not exist, as at a date not more than five days prior to the date of the certificate, nor had there existed at any time prior thereto since the date of the Series Instrument or the date as of which the last such certificate was given if any, any Event of Default or Potential Event of Default or, if such an Event of Default or Potential Event of Default did then exist or had existed, specifying the same and to such other effect as the Trustee may require.

The Series Instrument provides that the Trustee shall not be under any obligation to monitor whether or not an Event of Default or a Potential Event of Default has occurred or is continuing and until expressly notified to the contrary may assume that no such event has occurred and that the Issuer is complying with all its obligations under the Series Instrument or any other document.

11. Enforcement

At any time the Trustee may, at its discretion and without further notice, institute such proceedings, other than insolvency related proceedings, against the Issuer as it may think fit to enforce the terms of the Series Instrument and the Debt Instruments and, at any time after the Debt Instruments or any of them become due and payable or after the Security (if any) in respect of the relevant Series becomes enforceable, to the extent provided in the Series Instrument, to enforce the security (if any) constituted by the Series Instrument and any Additional Security Documents, but it shall not be obliged to take any such proceedings unless (a) it shall have been so requested or directed by any person entitled to make such request or give such direction pursuant to General Condition 6.8.1 (*Realisation of Series Assets*) and (b) it shall have been indemnified and/or secured to its satisfaction and provided that it shall not be obliged to take any action if it would be against any applicable law.

Only the Trustee (or, to the extent provided in General Condition 6.8.2 (*Selling Agent*), the Selling Agent) may pursue the remedies available under the Series Instrument to enforce the rights of the Debt Instrumentholders and/or any Hedging Counterparty and/or the Custodian, in respect of the Series Assets and the security (if any) and no Debt Instrumentholder, no Hedging Counterparty, the Custodian or the Principal Agent is entitled to proceed against the Issuer with respect to realisation of the Series Assets or the security (if any) unless the Trustee, having become bound to proceed in accordance with the terms of the Series Instrument, fails or neglects to do so for a reasonable period.

The Trustee, each Hedging Counterparty, the Debt Instrumentholders, the Custodian and the Principal Agent shall have recourse only to the Series Assets and the Selling Agent or the Trustee having realised the same and distributed the net proceeds in accordance with Condition 6.4 (*General provisions relating to security (if applicable)*), the Trustee, each Hedging Counterparty, the Debt Instrumentholders, the Custodian, the Principal Agent or anyone acting on behalf of any of them shall not be entitled to take any further steps against the Issuer or the Trustee to recover any further sum (save for lodging a claim in the liquidation of the Issuer initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer) and the right to receive any such sum shall be extinguished. In particular, none of the Trustee, any Hedging Counterparty, the Custodian, the Principal Agent, any Debt Instrumentholder nor any other party to the Series Instrument shall be entitled to petition or take any other step for the winding-up of the Issuer, nor shall any of them have any claim in respect of any asset of the Issuer not forming part of the Series Assets.

The Trustee shall not be obliged to take any action under the Series Instrument or any other document in respect of a Series unless it (a) has been directed by an Extraordinary Resolution of the Debt Instrumentholders; or (b) has been so requested or directed by any person entitled to make such request or give such direction pursuant to General Condition 6.8.1 or General Condition 11; and (c) shall have been indemnified and/or secured to its satisfaction and provided that it shall not be obliged to take any action if it would be against any applicable law.

12. Meetings of Debt Instrumentholders; Modifications; Waiver; Substitution

12.1 Meetings of Debt Instrumentholders

The Series Instrument contains provisions for convening meetings of Debt Instrumentholders to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Debt Instruments (including these General Conditions or the provisions of the Series Instrument insofar as the same may apply to such Debt Instruments). The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing a clear majority in aggregate Nominal Amount of the Debt Instruments for the time being outstanding or, at any adjourned such meeting, one or more persons being or representing Debt Instrumentholders, whatever the aggregate Nominal Amount of the Debt Instruments so held or represented, and an Extraordinary Resolution duly passed at any such meeting shall be binding on all the Debt Instrumentholders, whether present or not, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of maturity of the Debt Instruments, or any date for any payment in respect thereof, (ii) to cancel any Debt Instrument or reduce the Nominal Amount of any Debt Instrument or reduce any amount payable on redemption or cancellation of, the Debt Instruments, (iii) to reduce the rate or rates of interest (if any) or to modify, except where such modification is in the opinion of the Trustee bound to result in an increase, the method of calculating the amount payable or to modify of the date of payment, or, where applicable the method of calculating the date of payment in respect of any principal, premium or interest (if any) in respect of the Debt Instruments, (iv) if a Minimum and/or a Maximum Interest Rate is shown in the relevant Final Terms, to reduce any such Minimum and/or Maximum Interest Rate, (v) to change any method of calculating the Early Termination Amount or, any other amount payable in respect thereof, (vi) to change the currency or currencies of payment or denomination of the Debt Instruments, (vii) to modify or amend or cancel the exercise rights in respect of any Certificate or Warrant, (viii) to take any steps which as specified in the Series Instrument may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (ix) to modify the provisions concerning the quorum required at any meeting of Debt Instrumentholders or the majority required to pass an Extraordinary Resolution, (x) to modify the provisions of the Series Instrument concerning this exception or (xi) to modify any other provisions specifically identified for this purpose in the Series

Instrument, will only be binding if passed at a meeting of the Debt Instrumentholders, the quorum at which shall be one or more persons holding or representing 75 per cent. or, at any adjourned meeting, not less than 25 per cent., in aggregate Nominal Amount of the Debt Instruments for the time being outstanding.

12.2 **Modification**

Without prejudice to the need to obtain the consent of each other party to the relevant agreement or deed, the Trustee may, without the consent of the Debt Instrumentholders but only with the prior written consent of each Hedging Counterparty, agree to (i) any modification to the Series Instrument, any Hedging Agreement, the Repurchase Agreement or any other agreement or document entered into in relation to the Debt Instruments which is of a formal, minor or technical nature or is made to correct a manifest error or an error which is, in the opinion of the Trustee, proven, (ii) any modification of any of the provisions of the Series Instrument, any Hedging Agreement, the Repurchase Agreement, or any other agreement or document entered into in relation to the Debt Instruments which in the opinion of the Trustee is not materially prejudicial to the interests of the Debt Instrumentholders and provided in each case that, in the case of rated Debt Instruments, each Relevant Rating Agency has confirmed in writing that its then current rating of such Debt Instruments will not be adversely affected and (iii) any modification of the provisions of the Series Instrument, any Hedging Agreement, the Repurchase Agreement or any other agreement or document entered into in relation to the Debt Instruments which is made to satisfy any requirement of (in the case of rated Debt Instruments) any Relevant Rating Agency or any stock exchange on which the Debt Instruments are or are proposed to be, listed and which, in each case, is not in the opinion of the Trustee materially prejudicial to the interests of the Debt Instrumentholders. The Series Instrument provides that the Issuer shall not agree to any amendment or modification of the Series Instrument without first obtaining the consent in writing of each Hedging Counterparty, which consent shall not be unreasonably withheld or delayed.

If the Trustee shall so require, any such modification shall be notified by the Issuer to the Debt Instrumentholders as soon as practicable thereafter in accordance with General Condition 15.

The Trustee shall be entitled to assume, for the purpose of exercising any power, trust, duty or discretion under or in relation to this Condition 12.2, that any exercise of such power, trust, duty or discretion will not be materially prejudicial to the interests of the relevant Instrumentholders if each Relevant Rating Agency has confirmed in writing that its current rating(s) of the relevant Debt Instruments then in force will not be adversely affected by such exercise.

12.3 **Waiver**

The Trustee may, without the consent of the Debt Instrumentholders but only with the prior written consent of each Hedging Counterparty and without prejudice to its rights in respect of any subsequent breach, from time to time and at any time, but only if and in so far as in its opinion the interests of the Debt Instrumentholders shall not be materially prejudiced thereby, waive or authorise, on such terms and conditions as to it shall seem expedient, any breach or proposed breach by the Issuer of any of the covenants or provisions in the Series Instrument or these Debt Instruments or determine that any Event of Default or Potential Event of Default shall not be treated as such provided always that the Trustee shall not exercise any powers conferred on it by this General Condition 12.3 in contravention of any express direction given by an Extraordinary Resolution of the Debt Instrumentholders but no such direction shall affect any waiver, authorisation or determination previously given or made. Any such waiver, authorisation or determination shall be binding on the Debt Instrumentholders and each Hedging Counterparty.

12.4 Substitution

The Series Instrument contains provisions permitting the Trustee to agree, subject to such amendment of the Series Instrument and such other conditions as the Trustee may require but without the consent of the Debt Instrumentholders but subject to the prior written consent of each Hedging Counterparty, to the substitution of any other company (a **Substitute Company**) in place of the Issuer or of any previous substituted company, as principal obligor under the Series Instrument and all of the Debt Instruments then outstanding (subject, in the case of rated Debt Instruments, to each Relevant Rating Agency having confirmed in writing that its then current rating of such Debt Instruments will not be adversely affected by such substitution) provided that such substitution would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Debt Instrumentholders and subject to the other Conditions in the Series Instrument being complied with. In the case of such a substitution the Trustee may agree, without the consent of the Debt Instrumentholders but subject to the prior written consent of each Hedging Counterparty, to a change of the law governing the Debt Instruments and/or the Series Instrument provided that (i) such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Debt Instrumentholders and (ii) in the case of rated Debt Instruments, each Relevant Rating Agency has confirmed in writing that such change would not adversely affect its then current rating of such Debt Instruments.

The Series Instrument provides that, if a Director or other authorised officer of any Substitute Company certifies that the Substitute Company will be solvent immediately after the time at which the substitution is to be effected, the Trustee shall not have regard to the financial condition, profits or prospects of such Substitute Company or compare the same with those of the Issuer (or any previously substituted company).

In the case of a substitution of the Issuer in accordance with this General Condition 12.4, supplementary listing particulars will, in the case of any Series of Debt Instruments listed on the Luxembourg Stock Exchange and/or any other stock exchange (and for so long as the rules of the Luxembourg Stock Exchange or, as the case may be, such other stock exchange so require), be lodged with the Luxembourg Stock Exchange or, as the case may be, such other stock exchange.

By subscribing to, or otherwise acquiring, the Debt Instruments, the holders of Debt Instruments expressly consent to the substitution of the Issuer and to the release of the Issuer from any and all obligations in respect of the Debt Instruments and any relevant agreements and are expressly deemed to have accepted such substitution and the consequences thereof.

12.5 Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in this General Condition) the Trustee shall have regard to the interests of the holders of the Debt Instruments as a tranche and shall not have regard to the consequences of such exercise for individual Debt Instrumentholders whatever their number and, in particular but without limitation, shall not have regard to the consequence of any such exercise for Individual Debt Instrumentholders resulting from their being domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Debt Instrumentholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual holders of such Debt Instruments.

*The provisions of articles 86 to 97 of the Luxembourg act dated 10th August, 1915 on commercial companies (the **Companies Act 1915**), as amended, will not apply in respect of the Debt Instruments.*

13. Replacement of Debt Instruments

If a Debt Instrument is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws at the specified office of the Principal Agent in London or such (in the case of Bearer Debt Instruments) and the Registrar (in the case of Registered Debt Instruments) or such other Paying Agent or Transfer Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Debt Instrumentholders in accordance with General Condition 15 (*Notices*), in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Debt Instruments must be surrendered before replacements will be issued.

14. Further Issues

The Issuer may from, time to time without the consent of the Debt Instrumentholders, create and issue further securities so as to be consolidated and form a single series with the existing Debt Instruments subject to General Condition 8 (*Restrictions*) and subject, (1) in the case of rated Debt Instruments, to each Relevant Rating Agency having confirmed in writing that its then current rating of such Debt Instruments will not be adversely affected and (2) in the case of unrated Debt Instruments, the Trustee being satisfied that the value of the Series Assets relating to the relevant Series is correspondingly increased.

Any such securities shall be constituted in accordance with the Series Instrument.

15. Notices and Provision of Information

- 15.1 In the case of Debt Instruments represented by one or more Global Debt Instruments, notices to the Debt Instrumentholders will be valid if delivered to the Clearing Agent(s) for communication by them to the accountholders with interests in such Instruments, provided that so long as the Debt Instruments are listed on any stock exchange or publicly offered in any jurisdiction, any notice to the Debt Instrumentholders shall be published in accordance with the rules and regulations of each such stock exchange and each such jurisdiction. If and so long as the Instruments are listed on the Luxembourg Stock Exchange and the rules of such exchange so require, any notice delivered to the Debt Instrumentholders shall also be published in English in accordance with the rules and regulations of the Luxembourg Stock Exchange (which include publication on the website of the Luxembourg Stock Exchange (www.bourse.lu)).

Any such notice shall be deemed to have been given to the holders of the Debt Instruments on the Business Day immediately following the day on which the said notice was given to the Clearing Agent(s) or, as long as the instruments are listed on the Luxembourg Stock Exchange, following the day on which the notice was published in accordance with the rules and regulations of the Luxembourg Stock Exchange.

- 15.2 So long as any Debt Instruments offered and sold in the United States or to, or for the account of, US Persons in reliance on Rule 144A remain outstanding, the Issuer agrees to furnish, upon request of any holder of such Debt Instruments, to such holder and a prospective purchaser designated by such holder, 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 not a reporting company under Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended (the **Exchange Act**), or exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act. All information made available by the Issuer pursuant to the terms of this General Condition 15 may also be obtained during usual business hours free of charge at the office of the Transfer Agent in Luxembourg.

16. Agents

The Agents act solely as agents of the Issuer and do not assume any obligation or duty to, or any relationship of agency or trust for or with, any Debt Instrumentholder. Subject as provided in General Condition 6.5 relating to the Custodian the Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of any of the Agents and to appoint additional or other Paying Agents, provided that the Issuer will at all times maintain (i) a Principal Agent, (ii) a Calculation Agent where the relevant Final Terms so requires, (iii) a Paying Agent having a specified office in a European city approved by the Trustee, (iv) a Custodian where the relevant Final Terms so requires, (v) a Selling Agent where the relevant Final Terms so requires, (vi) a Registrar where the relevant Final Terms so requires, (vii) an Exchange Agent where the relevant Final Terms so requires and (viii) a Transfer Agent where the relevant Final Terms so requires. If and to the extent that any of the Debt Instruments are listed on any stock exchange or publicly offered in any jurisdiction, a Paying Agent will be maintained in each country required by the rules and regulations of each such stock exchange and each such jurisdiction. Notice of any such change or any change of any specified office of any Paying Agent will promptly be given to the Debt Instrumentholders in accordance with General Condition 15 (*Notices*).

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of the relevant Final Terms whether by the Calculation Agent or the Trustee or its appointee shall in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Agent, the Paying Agents, the Calculation Agent and all Debt Instrumentholders and no liability to the Issuer, the Debt Instrumentholders or any other person shall attach to (in the absence as aforesaid) the Calculation Agent or (in the absence of wilful default) the Trustee or its appointee (if applicable) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

17. Indemnification and Obligations of the Trustee: Replacement of the Trustee

The Series Instrument contains provisions for the indemnification of the Trustee and for its relief from responsibility including for the exercise of any voting rights in respect of the Collateral or for the value, validity and sufficiency of the Series Assets and (in the case of Secured Debt Instruments) enforceability (which the Trustee has not investigated) of the security created over the Series Assets. The Trustee is not obliged to take any action under the Series Instrument unless directed or requested as provided in General Conditions 6.8, 10 and 11 and indemnified to its satisfaction. The Trustee and any affiliate is entitled to enter into business transactions with the Issuer, any issuer or guarantor (where applicable) of any of the Collateral, any Hedging Counterparty, or any of their subsidiary, holding or associated companies without accounting to the Debt Instrumentholders for profit resulting therefrom.

The Trustee is exempted from liability with respect to any loss or theft or reduction in value of the Collateral, from any obligation to insure or to procure the insuring of the Collateral (or any documents evidencing, constituting or representing the same or transferring any rights or obligations thereunder) and from any claim arising from the fact that the Collateral is held in an account with Euroclear, Clearstream, Luxembourg, Clearstream, Frankfurt or any other clearance system in accordance with that system's rules or otherwise held in safe custody by the Custodian or any custodian selected by the Trustee (in each case, if applicable). The Trustee is not responsible for supervising the performance by any other person of their obligations to the Issuer.

The Series Instrument provides that the Trustee will be under no obligation or duty to act on any directions of the Debt Instrumentholders or the Hedging Counterparty(ies) (save in each case as expressly provided in the Series Instrument) and (save as aforesaid) in the event of any conflict between directions given by the Debt Instrumentholders and the Hedging Counterparty(ies) (in any case where it is expressly provided in the Series Instrument that the Debt Instrumentholders and the Hedging Counterparty(ies) are entitled to give directions to the Trustee) it shall be entitled to act in accordance only with the directions of the Debt Instrumentholders (but without prejudice to the provisions concerning the enforcement of security under General Conditions 6.8 (*Realisation of the Series Assets*) and 11 (*Enforcement*) and the Series Instrument and to the provisions concerning the application of moneys received by the Trustee upon such enforcement under General Condition 6.4 (*General provisions relating to security (if applicable)*) and the Series Instrument) subject in each case to the Trustee being indemnified or secured to its satisfaction.

The Series Instrument provides that the Issuer may replace the Trustee subject to the prior approval by Extraordinary Resolution of the Debt Instrumentholders and by each Hedging Counterparty.

18. Governing Law and Jurisdiction

18.1 Governing Law

The Series Instrument and the Debt Instruments are governed by, and shall be construed in accordance with, English law or New York law (as specified in the relevant Final Terms).

18.2 Jurisdiction

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Debt Instruments and accordingly any legal action or proceedings arising out of or in conjunction with the Debt Instruments may be brought in such courts. The Issuer has in the Series Instrument irrevocably submitted to the jurisdiction of such courts.

18.3 Agent for Service of Process

The Issuer has irrevocably appointed the person specified in the Series Instrument as its Agent for Service of Process, at its registered office for the time being, as its agent to receive, for it and on its behalf, service of process in any proceedings in England.

19. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Debt Instruments under the Contracts (Right of Third Parties) Act 1999.

'ARTICLES OF ASSOCIATION

The following only contains a summary of certain provisions of the Articles and is subject to the express terms thereof which are binding on all Ordinary Shareholders, Beneficiary Shareholders and Debt Instrumentholders. Investors are accordingly referred to the Articles for further details.

The Articles contain provisions to the following effect:

(a) *Beneficiary Shares*

(1) *Dividends*

Subject to the Articles and the relevant Conditions, each Beneficiary Share shall confer on the holder right, on an accrual basis, to receive dividends including interim dividends (if any) out of the profits or the reserve account of the relevant Compartment payable on such terms as set out in the Articles and the relevant Conditions.

Subject to any particular rights or limitations as to dividends for the time being attached to any Beneficiary Shares, as may be specified in the Articles or any Conditions or upon which such Beneficiary Shares may be issued, all dividends shall be apportioned and paid pro rata according to the amounts paid up on the Beneficiary Shares (otherwise than in advance of calls) during any portion or portions of the period in respect of which the dividend is paid.

All unclaimed dividends may be invested or otherwise made use of by the Board for the benefit of the relevant Compartment until claimed. No dividend shall bear interest as against the relevant Compartment or the Issuer.

Any dividend unclaimed after a period of ten years from the date of declaration of such dividend shall, if the Board so resolve, be forfeited and thenceforth shall cease to be owing by the relevant Compartment or the Issuer and shall belong to the relevant Compartment or, where the relevant Compartment has been liquidated by that time, to the Issuer absolutely.

Subject to the provisions of the Articles, the Board may resolve that, without prejudice to the immediate and irrevocable accrual of dividend rights as determined in the Articles, it is desirable to capitalise such profits of a Compartment as the Board may determine in its absolute discretion (which may include profits carried and standing to any Beneficiary Shares reserve account). Accordingly, the Board shall be authorised as it thinks fit to appropriate those profits resolved to be capitalised to the relevant Beneficiary Shareholders in the proportion in which such profits would have been divisible amongst them had the same been applicable and had been applied in paying dividends, and to apply such profits on behalf of the relevant Beneficiary Shareholders (a) in or towards any unpaid amounts on the relevant Beneficiary Shares or (b) to the issue and paying up of additional Beneficiary Shares issued and allotted to the relevant Beneficiary Shareholders.

(2) *Redemption Amounts*

Subject to the Articles and the relevant Conditions, each Beneficiary Share shall confer on the holder a right to receive repayment of an amount equal to the Redemption Amount (as defined in the relevant Final Terms) on the Redemption Date (as defined in the relevant Final Terms) out of the assets of the relevant Compartment. If on the Redemption Date, the realised net assets of the relevant Compartment applied in accordance with the Articles are insufficient to pay the full Redemption Amount payable to each Beneficiary Shareholder within that Series, the proceeds of the relevant Compartment will, subject to the Conditions, be distributed equally amongst each holder of that Series *pro rata* to any amount owing on the Beneficiary Shares held by each holder and no Beneficiary Shareholder shall have any claim against the Issuer in respect of any shortfall. Upon the redemption of a Beneficiary

Share pursuant to the Conditions relating thereto, such Beneficiary Share shall be cancelled and the holder thereof shall cease to be entitled to any rights in respect thereof and accordingly his name shall be removed from the register of holders with respect thereto.

(3) *Voting Rights*

The holders of a Series or Tranche of Beneficiary Shares have the right to receive notice of any meetings of holders of that Series or Tranche of Beneficiary Shares to resolve on a variation of their rights in accordance with the Articles and, subject to the relevant Conditions, on the allocation of profits of the Compartment in relation to the Series or Tranche of Beneficiary Shares on an annual basis and to attend and vote.

Each Beneficiary Shareholder is entitled to a number of votes equal to the number of his Beneficiary Shares in the relevant Series or Tranche. Beneficiary Shareholders may vote either in person or by giving a proxy in writing to another person who need not be a holder.

Subject to the relevant Conditions, each holder of Beneficiary Shares of any Series shall have the right to:

- (a) request the Board to convene a meeting of the holders of Ordinary Shares and Beneficiary Shares of each Series entitled to vote at the meeting provided that the holder of Beneficiary Shares of the relevant Series represents at least twenty per cent. of the number of issued and outstanding Beneficiary Shares of the relevant Series;
- (b) receive notice of such meeting; and
- (c) attend and vote at such meeting,

in each case with respect to:

- (i) change of the corporate form of the Issuer;
- (ii) transfer of the registered office of the Issuer outside Luxembourg;
- (iii) material amendment of the corporate objects of the Issuer;
- (iv) removal of any director of the Issuer for cause, in particular, for serious misconduct or fraud;
- (v) except for the decision to be taken under article 100 of the Companies Act, 1915 the dissolution and liquidation of the Issuer; and
- (vi) any merger, demerger or similar corporate reorganisation of the Issuer, where the Issuer is not the surviving entity,

Any resolution with respect to paragraphs (i), (ii), (iii), (v) and (vi) above shall be passed by a two-thirds majority of the votes cast at the meeting provided that holders of all Ordinary Shares vote unanimously in favour of any resolution with respect to paragraph (ii) above. All the provisions of Articles relating to general meetings of the Ordinary Shareholders shall apply (including for the determination of the number of votes, which shall be one vote per Beneficiary Share of each Series entitled to vote at the meeting), *mutatis mutandis*, to the meeting except that:

- (a) the number of issued and outstanding Beneficiary Shares of each Series entitled to vote at the meeting shall be deemed reduced *pro rata* between each Series of Beneficiary Shares so that the aggregate number of issued and outstanding Beneficiary Shares of all Series entitled to vote will not exceed the number of

issued and outstanding Ordinary Shares present or represented at the meeting or any adjourned meeting; and

- (b) the necessary quorum shall be the person or persons holding or representing at least one-half of each of the number of issued and outstanding Ordinary Shares and Beneficiary Shares of each Series entitled to vote, but so that if at any adjourned meeting a quorum as defined above is not present, those holders of Ordinary Shares and Beneficiary Shares who are present in person at any adjourned meeting shall be the quorum except that no holder of any Series of Beneficiary Shares which did not have at least one-half of the number of issued and outstanding Beneficiary Shares of such Series entitled to vote at the first meeting shall be entitled to vote at any adjourned meeting.

Any resolution with respect to paragraph (iv) above shall be passed by a simple majority of the votes cast at the meeting. All the provisions of the Articles relating to general meetings of the Ordinary Shareholders shall apply (including for the determination of the number of votes, which shall be one vote per Beneficiary Share of each Series entitled to vote, *mutatis mutandis*, to the meeting.

(4) *Transfer of Beneficiary Shares*

The transfer of bearer Beneficiary Shares represented by one or more global certificates shall be effected by book entry credit to the securities accounts of the Beneficiary Shareholders' financial intermediaries opened with the relevant Clearing Agents, in accordance with applicable laws and any rules and procedures issued by the clearing institution dealing with such transfer.

The transfer of Beneficiary Shares in registered form shall be effected by a written declaration of transfer registered in the register of the holders of Beneficiary Shares of the Issuer, such declaration of transfer to be executed by the transferor and the transferee or by persons holding suitable powers of attorney. The Issuer may also accept as evidence of transfer other instruments of transfer satisfactory to the Issuer.

(5) *Variation of Rights*

The special rights attached to any Series or Tranche of Beneficiary Shares, unless otherwise provided by the Conditions relating thereto, may be varied or abrogated by the Board either whilst the Issuer is a going concern or during or in contemplation of a liquidation of the Issuer or a Compartment, with the consent in writing of the holders of the majority of the issued Beneficiary Shares of that Series or Tranche, or with the sanction of a resolution passed by simple majority of the votes cast at a separate meeting of the holders of Beneficiary Shares of that Series or Tranche; but such consent or sanction shall not be required in the case of a variation, amendment or abrogation of the special rights attached to any Beneficiary Shares of any Series or Tranche if, in the view of the Board, such variation, amendment or abrogation does not materially prejudice the interests of the relevant holders or any of them; provided however that Beneficiary Shareholders holding at least 20 per cent. of the amount paid upon the Beneficiary Shares of the relevant Series or Tranche shall have the right to request the Board, notwithstanding its earlier determination, to have this variation subjected to such consent or sanction. Any such variation, amendment or abrogation shall be set out in revised Conditions, a copy of which will be provided to the affected holders in accordance with the Articles on the date of issue of such document and shall be binding on the holders of the relevant Beneficiary Shares.

The special rights conferred upon the holders of any Series or Tranche of Beneficiary Shares issued with preferred or other special rights shall be deemed to be varied by the reduction of the capital paid up on such Beneficiary Shares and by the creation of further

Beneficiary Shares ranking in priority thereto but shall (unless otherwise expressly provided by these Articles or by the Conditions of such Beneficiary Shares), without limitation, be deemed not to be varied by:

- (i) the creation, allotment or issue of further Instruments not participating in the relevant Compartment; or
- (ii) the creation, allotment or issue of Ordinary Shares; or
- (iii) the payment of Beneficiary Shares of any Series or Tranche in accordance with the applicable Conditions; or
- (iv) the payment of a dividend on the Beneficiary Shares of any other Tranche or Series where the dividend is paid out of the Compartment for that other Tranche or Series; or
- (v) the amendment of the definition in the Articles of US Persons or Prohibited Person (as defined in the Articles) where the Issuer has been advised that such amendment will not materially prejudice the Issuer.

(6) *General restrictions on holding of Beneficiary Shares*

The Beneficiary Shares have not been, and will not be, registered under the Securities Act and trading in the Beneficiary Shares has not been, and will not be, approved by the US Commodity Futures Trading Commission under the US Commodity Exchange Act, as amended. No Beneficiary Shares shall be issued by the Issuer to or may be offered or sold, directly or indirectly, in the United States or to or for the account of any US Person or a Prohibited Person or transferred to or beneficially owned by any US Person or Prohibited Person.

The Board and any of the Issuer's duly authorised agents shall have the right on behalf of the Issuer to require such evidence that the transferee is not a US Person or Prohibited Person as the Board or such agent shall in their discretion deem sufficient and to refuse to register such transfer unless in receipt of and satisfied with such evidence.

Any holder of any Beneficiary Shares intending to become a US Person or Prohibited Person shall immediately notify the Issuer of such intention and a holder of any Beneficiary Shares, prior to becoming a US Person or Prohibited Person, shall transfer his Beneficiary Shares to a person (including, without limitation, an existing holder) who is qualified under the Articles to hold the same.

If it shall come to the notice of the Board that any Beneficiary Shares are or become owned, directly or indirectly, by a US Person or a Prohibited Person, the Board shall be entitled to give notice (the **Compulsory Transfer Notice**) to such person requiring him to transfer such Beneficiary Shares to a person (including, without limitation, an existing holder) who is qualified under the Articles to hold the same, at a price equal to the relevant Net Asset Value per Instrument of the relevant Beneficiary Shares (as at the relevant Valuation Date preceding the date of the relevant Compulsory Transfer Notice) or if no purchaser of the Beneficiary Shares at the relevant price is found by the Issuer at the time the Issuer requires the transfer to be made, at the highest price as any purchaser found by the Issuer is willing to pay therefor. The Issuer shall have no obligation to the relevant holder to find the best price for the relevant Beneficiary Shares.

The Board and any of the Issuer's duly authorised agents may, upon application for a proposed transfer of any Beneficiary Shares or at any other time and from time to time require such evidence to be furnished to them or any other person in connection with the

matters stated in the Article including the identification of applicants, transferees or holders of Beneficiary Shares as they shall in their discretion deem sufficient.

A person who, being subject to the laws of a country, becomes aware that he holds or owns Beneficiary Shares in contravention of any laws or requirement of that country or governmental authority thereof shall forthwith notify the Issuer and transfer such Beneficiary Shares to a person duly qualified to hold the same unless he has already received notice under the Articles (in which case he shall comply with such article) and the provisions of the Articles shall apply to such persons as a Prohibited Person.

If any such person upon whom such a notice is served as aforesaid does not within 30 days after such notice transfer such Beneficiary Shares as aforesaid he shall forfeit or be deemed to have forfeited his Beneficiary Shares in the Issuer immediately upon the expiration of such 30 day period and the provisions of the Articles shall apply thereto.

The Board shall have power (but shall not be under any duty) to impose such other restrictions as it may think necessary for the purpose of ensuring that no Beneficiary Shares are acquired, held by or transferred to any US Person or a Prohibited Person.

The Board, the Issuer and the duly authorised agents of the Issuer shall not be liable to any holder of Beneficiary Shares or otherwise for any loss incurred by the Issuer as a result of any US Person or Prohibited Person becoming a holder or the breach of any of the provisions of this Article. Any holder who breaches the provisions of this Article or any restrictions imposed by the Board pursuant to this Article shall indemnify the Issuer for any loss to the Issuer caused by such breach.

Subject to the relevant Conditions, each Beneficiary Share will bear a legend to the following effect, and upon the initial purchase or any subsequent transfer of an interest in a Beneficiary Share, each purchaser of Beneficiary Shares will be deemed to have represented and agreed as set out in the following legend:

"THE BENEFICIARY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**) AND TRADING IN THE BENEFICIARY SHARES HAS NOT BEEN, AND WILL NOT BE, APPROVED BY THE US COMMODITY FUTURES TRADING COMMISSION UNDER THE US COMMODITY EXCHANGE ACT, AS AMENDED. NEITHER THIS BENEFICIARY SHARE NOR ANY INTEREST HEREIN MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT TO A TRANSFEREE THAT IS A NON-US PERSON IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATIONS UNDER THE SECURITIES ACT AND APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION AND IN COMPLIANCE WITH THE PROVISIONS OF THE ARTICLES PURSUANT TO WHICH THE SECURITY WAS ISSUED.

IF THIS BENEFICIARY SHARE OR ANY INTEREST HEREIN IS HELD BY OR ON BEHALF OF A US PERSON IN VIOLATION OF THE APPLICABLE TRANSFER RESTRICTIONS, THE ISSUER SHALL HAVE THE RIGHT AT ANY TIME, AT THE EXPENSE AND RISK OF THE HOLDER OF ANY BENEFICIARY SHARES HELD BY OR ON BEHALF OF A US PERSON, TO REQUIRE SUCH HOLDER TO SELL SUCH BENEFICIARY SHARES TO A NON-US PERSON OUTSIDE THE UNITED STATES.

UNLESS OTHERWISE SPECIFIED IN THE APPLICABLE FINAL TERMS, EACH PURCHASER OR HOLDER OF THIS BENEFICIARY SHARE OR ANY INTEREST HEREIN SHALL BE DEEMED TO HAVE REPRESENTED BY SUCH PURCHASE AND/OR HOLDING THAT IT IS NOT A BENEFIT PLAN INVESTOR, IS NOT USING THE ASSETS OF A BENEFIT PLAN INVESTOR TO ACQUIRE SUCH BENEFICIARY SHARES, AND

SHALL NOT AT ANY TIME HOLD SUCH BENEFICIARY SHARES FOR OR ON BEHALF OF A BENEFIT PLAN INVESTOR.

IF ANY INTEREST IN THIS BENEFICIARY SHARE IS HELD BY OR ON BEHALF OF A BENEFIT PLAN INVESTOR IN VIOLATION OF THIS LEGEND, THE ISSUER SHALL HAVE THE RIGHT AT ANY TIME, AT THE EXPENSE AND RISK OF THE HOLDER OF SUCH INTEREST, TO REQUIRE SUCH HOLDER TO SELL SUCH BENEFICIARY SHARES TO A NON-US PERSON OUTSIDE THE UNITED STATES.

AS USED HEREIN, THE TERMS **OFFSHORE TRANSACTION** AND **US PERSON** HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATIONS UNDER THE SECURITIES ACT."

(7) *Notices to Beneficiary Shareholders*

Any notice to be given to or by any Beneficiary Shareholder pursuant to the Articles shall be in writing.

In the case of the Beneficiary Shares in bearer form represented by one or more global certificates, notices to the Beneficiary Shareholders will be valid if delivered to the Clearing Agent(s) for communication by them to the Beneficiary Shareholders, and in the case of Beneficiary Shares in registered form, notices to the Beneficiary Shareholders will be mailed to them at their respective address in the relevant register of Beneficiary Shareholders, in each case provided that so long as the Beneficiary Shares are listed on any stock exchange or publicly offered in any jurisdiction, any notice to the Beneficiary Shareholders shall be published in accordance with the rules and regulations of each such stock exchange and each such jurisdiction.

So long as any Beneficiary Shares in registered form are held in their entirety by and in the name of a Clearing Agent or Clearing Agents, notices to Beneficiary Shareholders may be delivered to the Clearing Agent(s) for communication to the holders of the Beneficiary Shares. Any such notice shall be deemed to have been given to the Beneficiary Shareholders on the Business Day immediately following the day on which the said notice was given to the Clearing Agent(s).

Notices given pursuant to the preceding paragraphs will become effective on (a) if delivered to the relevant Clearing Agent(s), the third day after such delivery to the Clearing Agent or all the Clearing Agents (if more than one) or (b) in the case of Beneficiary Shares in registered form on the third day after the date of mailing or (c) if published (whether or not also so given), on the date of such publication, or, if published more than once, on the date of the first such publication or, if required to be published in more than one newspaper, on the date of the first such publication in all the required newspapers.

Any Beneficiary Shareholder present in person at any meeting of the Issuer shall, for all purposes, be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.

Notwithstanding any of the provisions of the Articles, any notice to be given by the Issuer to a Beneficiary Shareholder may be given in any manner agreed in advance by any such Beneficiary Shareholder.

(b) *Compartments*

The Board may establish one or more Compartments which may be distinguished by the nature of acquired risks or assets, the distinctive terms of the issues made in their respect, the reference currency or other distinguishing characteristics. The terms and conditions of the Instruments issued in respect of, and the specific objects of, each Compartment shall be determined by the Board and

shall be stated in the Conditions relating to that Compartment. Each holder of Instruments issued by the Issuer shall be deemed to fully adhere to, and be bound by, the Conditions applicable to these Instruments and the Articles by subscribing to the Instruments. Each Compartment may issue either Debt Instruments or Beneficiary Shares but not both Debt Instruments and Beneficiary Shares.

Subject to any particular rights or limitations for the time being attached to any Instruments, as may be specified in the Articles or upon which such Instruments may be issued including, without limitation, the relevant Conditions, if a Compartment is liquidated, its assets shall be applied in the following order:

- (i) first, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts including any taxes required to be paid (other than amounts referred to in paragraphs (ii) and (iii) below) incurred by or payable by such Compartment;
- (ii) secondly, *pro rata* in payment of any amounts owing to each Hedging Counterparty under a Hedging Agreement (which for this purpose shall include any amounts owing to the Custodian for reimbursement in respect of payments made to a Hedging Counterparty relating to sums receivable on or in respect of the Collateral); and
- (iii) thirdly, *pro rata* in payment of any amounts owing to holders of such Instruments (which for this purpose shall include any amount owing to the Principal Agent and/or the Registrar (as defined in the Articles), as the case may be, for reimbursement in respect of any payment made to Beneficiary Shareholders or to a Clearing Agent on behalf of such holders),

PROVIDED THAT, if the liquidation of such Compartment has arisen as a result of any event of default (as defined in a Hedging Agreement) relating to any Hedging Counterparty, then its assets will be applied in the following order, either:

- (1) if **Instrumentholder Pari Passu Basis** is specified in the relevant Final Terms:
 - (a) first, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts including any taxes required to be paid (other than amounts referred to in paragraph (b) below) incurred by or payable by such Compartment; and
 - (b) secondly, *pro rata* in payment of any amounts owing to each Hedging Counterparty under a Hedging Agreement (which for this purpose shall include any amounts owing to the Custodian for reimbursement in respect of payments made to a Hedging Counterparty relating to sums receivable on or in respect of the Collateral) and to holders of such Instruments (which for this purpose shall include any amount owing to the Principal Agent and/or the Registrar, as the case may be, for reimbursement in respect of any payment made to Beneficiary Shareholders or to a Clearing Agent on behalf of such holders); or
- (2) if **Beneficiary Shareholder Priority Basis** is specified in the relevant Final Terms:
 - (a) first, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts including any taxes required to be paid (other than amounts referred to in paragraphs (b) and (c) below) incurred by or payable by such Compartment;
 - (b) secondly, *pro rata* in payment of any amounts owing to holders of such Instruments (which for this purpose shall include any amount owing to the Principal Agent and/or the Registrar, as the case may be, for reimbursement in respect of any payment made to Beneficiary Shareholders or to a Clearing Agent on behalf of such holders); and
 - (c) thirdly, *pro rata* in payment of any amounts owing to each Hedging Counterparty under a Hedging Agreement (which for this purpose shall include any amounts owing

to the Custodian for reimbursement in respect of payments made to a Hedging Counterparty relating to sums receivable on or in respect of the Collateral).

No Instruments shall be issued on terms that entitle the holders of any Tranche of Instruments to participate in the assets of the Issuer other than the assets (if any) of the relevant Compartment. If the realised net assets of any Compartment are insufficient to pay any amounts otherwise payable on the relevant Tranche in full in accordance with the Conditions and the Articles, the relevant holders shall have no claim against the Issuer for or in respect of any shortfall and shall have no claim against any other Compartment or any other assets of the Issuer.

Each Compartment corresponds to a separate part of the Issuer's assets and liabilities. The rights of holders of Instruments issued in respect of a Compartment and the rights of creditors are limited to the assets of this Compartment, where these rights relate to that Compartment or have arisen at the occasion of the constitution, the operation or the liquidation of that Compartment. The assets of a Compartment are exclusively available to satisfy the rights of holders of Instruments issued in relation to this Compartment and the rights of creditors whose claims have arisen at the occasion of the constitution, the operation or the liquidation of this Compartment.

In the relationship between the holders of Instruments, each Compartment is deemed to be a separate entity.

Fees, costs, expenses and other liabilities incurred on behalf of the Issuer as a whole shall, unless otherwise determined by the Board, be general liabilities of the Issuer and shall not be payable out of the assets of any Compartment. The Board shall ascertain, to the extent possible, that creditors of such liabilities waive recourse to the assets of any Compartment.

The Board shall establish and maintain separate accounting records for each of the Compartments of the Issuer for the purposes of ascertaining the rights of holders of Instruments issued in respect of each Compartment for the purposes of these Articles and the Conditions, such accounting records to be conclusive evidence of such rights in the absence of manifest error.

Where any asset is derived from another asset (whether cash or otherwise) such derivative asset shall be applied in the books of the Issuer to the same Compartment as the asset from which it was derived and on each revaluation of an asset the increase or diminution in the value of such asset shall be applied to the relevant Compartment.

In the case of any asset of the Issuer (not being attributable to the Ordinary Shares) which the Board, or any person acting on behalf of the Board, does not consider is attributable to a particular Compartment, the Board, or any person acting on behalf of the Board, shall have the discretion to determine the basis upon which any such asset shall be allocated or apportioned between Compartments, if at all, and the Board shall have power at any time and from time to time to vary such basis.

Unless otherwise determined in the Conditions of a Compartment, the Board (or its delegate) may at any time liquidate single Compartments, unless such liquidation occurs in the context of a general liquidation of the Issuer.

Consolidated accounts of the Issuer, including all Compartments, shall be expressed in the reference currency of the corporate capital of the Issuer. The reference currencies of the Compartments may be in different denominations.

(c) Meetings of the Board

The Board can deliberate and/or act validly only if at least the majority of the Issuer's directors is present or represented at a meeting of the Board and if the majority of the directors who are present at such meeting are resident in Luxembourg for tax purposes. Decisions shall be taken by

a majority of the votes of the number of votes for and against a resolution are equal, the chairman of the meeting shall have a casting vote.

(d) Directors

The Issuer shall be managed by a Board composed of at least three directors who need not be Ordinary Shareholders. They shall be elected for a term not exceeding six years and shall be eligible for re-election.

A majority of the directors are not resident in the UK for tax purposes.

Each director shall be appointed by the Ordinary Shareholders at the general meeting of the Ordinary Shareholders. The Ordinary Shareholders shall also determine the number of directors, their remuneration and the term of their office. For the avoidance of doubt, no Beneficiary Shareholder shall have, at any time, the right to appoint directors. A director may be removed (a) with or without cause and/or replaced, at any time, by resolution adopted by the general meeting of the Ordinary Shareholders or (b) in accordance with the rules summarised under paragraph (B) (Voting Rights) of the section entitled "(a) Beneficiary Shares" above.

The Articles do not provide for the directors to retire by rotation or by virtue of their attaining a certain age.

(e) Delegation of Powers

The Board may appoint one or more persons, who may be, but need not be, directors, who shall have full authority to act on behalf of the Issuer in all matters concerned with the daily management and affairs of the Issuer. An appointment of a member of the Board as managing director of the Issuer is subject to previous authorisation by the general meeting of the Ordinary Shareholders.

The Board is also authorised to appoint one or more persons, who may be, but need not be, directors without the prior authorisation of the general meeting of the Ordinary Shareholders, for the purposes of performing specific functions at every level within the Issuer.

The Board is further authorised to appoint proxies for specific transactions.

(f) Directors' Interests

No contract or other transaction between the Issuer and any other company or firm shall be affected or invalidated by the fact that any one or more of the directors or officers of the Issuer is interested in, or is a director, associate, officer or employee of such other company or firm.

Any director or officer of the Issuer who serves as director, officer or employee of any company or firm with which the company shall contract or otherwise engage in business shall not, solely by reason of such affiliation with such other Issuer or firm, be prevented from considering and voting or acting upon any matters with respect to such contract or other business.

In the event that any director of the Issuer may have any personal and opposite interest in any transaction of the Issuer, such director shall make known to the Board such personal and opposite interest and shall not consider or vote upon any such transaction, and such transaction, and such director's interest therein, shall be reported to the next following general meeting of the Ordinary Shareholders.

(g) Winding up

The Issuer may be dissolved, at any time, by a resolution of the general meeting of Ordinary Shareholders adopted in the manner required for amendment of the Articles. In the event of a dissolution of the Issuer, the liquidation shall be carried out by one or more liquidators (who may be physical persons or legal entities) named by the general meeting of Ordinary Shareholders deciding such liquidation, such appointment being subject, as the case may be, to the approval of the Luxembourg supervising authority. Such general meeting of Ordinary Shareholders shall also determine the powers and the remuneration of the liquidator(s).

The liquidation of a Compartment will not affect the status of any other Compartment nor of the Issuer in general.

Valuation of Assets

The Net Asset Value of the Issuer is the value of the assets of the Issuer less its liabilities as determined in accordance with the Articles.

In respect of each Series, the Net Asset Value per Series is the value of the assets allocated to the relevant Compartment less the liabilities allocated to such Compartment, as determined in accordance with the Articles.

The Net Asset Value per Tranche is the value of the assets of the relevant Compartment relating to the Series of which that Tranche forms part that are notionally attributed to such Tranche less the liabilities of such Compartment that are notionally attributed to such Tranche, as determined in accordance with the Articles.

The Net Asset Value per Instrument is calculated by dividing the relevant Net Asset Value per Tranche by the number of Instruments in issue with respect to that Tranche at the relevant time.

The assets and liabilities of the Issuer and each Compartment shall be valued by the Board or its delegate for the purposes of the accounting records of the Issuer in accordance with Luxembourg generally accepted accounting principles and, subject thereto, in conformity with any further valuation methods which may be relevant to the assets of the relevant Compartment set out in the relevant Conditions. Subject thereto:

- (1) the value of any investment which is quoted, listed or normally dealt in on a securities market will be valued at (as applicable) the latest available traded price (or as determined by the Board) as at the relevant time. Where such security is listed or dealt on more than one securities market, the relevant market shall be the one that constitutes the main market or the one which the Board determines provides the fairest criteria in a value for the security;
- (2) unlisted securities and listed securities for which a price is not available will be valued at probable realisation value, estimated with care and in good faith by a competent entity approved for the purpose by the Board;
- (3) cash shall be valued at face value (together with accrued interest to the relevant date) unless, in the opinion of the Board, any adjustment should be made to reflect the fair value thereof;
- (4) over-the-counter swap and option transactions will be valued monthly on each Valuation Date by the Board or its delegate on the basis of the following criteria: the liquidity, the exercise price, the value of underlying investments to the swap and option transactions (determined in accordance with the foregoing provisions), the performance of any securities index to which the swap and option transactions are linked, the degree of volatility and correlation, the remaining maturity, the interest receivable, and the expected yield of the underlying investments and prevailing euro interest rates or other relevant rates;

- (5) any value expressed otherwise than in euro shall be converted into euro at the rate (whether official or otherwise) which the Board or its delegate, deems appropriate in the circumstances;
- (6) notwithstanding any of the foregoing sub-paragraphs, the Board may adjust the value of any investment or other property if, having regard to currency, applicable rate of interest, maturity, marketability and/or such other considerations as they may deem relevant, it considers that such adjustment is required to reflect the fair value thereof;
- (7) if in any case a particular value is not ascertainable as provided above or if the Board shall consider that some other method of valuation better reflects the fair value of the relevant investment then in such case the method of valuation of the relevant investment shall be such as the Board in its absolute discretion shall decide;
- (8) notwithstanding the foregoing, where on the Valuation Date any asset of the Issuer has been realised or contracted to be realised there shall be included in the assets of the Issuer in place of such asset the net amount receivable by the Issuer in respect thereof provided that if such amount is not known exactly then its value shall be the net amount estimated by the Board as receivable by the Issuer provided that if the net amount receivable is not payable until some future time after the time of any valuation time in question the Board shall make such allowance as it considers appropriate to reflect the true current value thereof;
- (9) profits accrued by the Issuer in respect of a Compartment shall result in an immediate and irrevocable commitment, booked as a deductible item in accordance with article 89 c) of the Securitisation Act 2004, to the holders of the Beneficiary Shares of such Compartment regardless of the actual date of payment of dividends or Redemption Amounts to such holders of Beneficiary Shares out of these profits or the accounting of such profits into a reserve account; and
- (10) the Board shall be entitled to use the services of any recognised information or pricing service.

In accordance with Luxembourg Stock Exchange and/or any other relevant Stock Exchange requirements, the Net Asset Value per Instrument will be calculated quarterly at the Valuation Time as at each Valuation Date. Details of the most recent Net Asset Value per Instrument may be obtained from the Issuer and, following calculation, will be notified by the Calculation Agent to the Luxembourg Stock Exchange and/or any other relevant stock exchange immediately after the receipt of such information.

The temporary suspension of determination of Net Asset Value

The Board may at any time at its discretion temporarily suspend the calculation of the Net Asset Value of the Issuer, the Net Asset Value per Series, the Net Asset Value per Tranche or the Net Asset Value per Instrument, as the case may be during:

- (1) any period when any of the principal markets or stock exchanges on which a substantial part of the investments of the Issuer, a Compartment or a Tranche are quoted or on which a substantial part of the investments by reference to which any investments of the Issuer, a Compartment or a Tranche or any Instruments are directly or indirectly referenced under their terms, is closed, otherwise than for ordinary holidays, or during which dealings thereon are restricted or suspended; or
- (2) any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Board, disposal or

valuation of a substantial part of the investments of the Issuer, of a Compartment or a Tranche is not reasonably practicable without this being seriously detrimental to the interests of the holders of the relevant Instruments or if in the opinion of the Board the Net Asset Value of the Issuer, the Net Asset Value of the Compartment, the Net Asset Value per Tranche or the Net Asset Value per Instrument cannot be fairly calculated; or

- (3) any breakdown in the means of communication normally employed in determining the value of the investments of the Issuer, of a Compartment or of a Tranche or when for any reason the current prices on any market of a substantial part of the investments of the Issuer, of a Compartment or of a Tranche or a substantial part of the investments by reference to which any investments of the Issuer, a Compartment or a Tranche or any Instruments are directly or indirectly referenced cannot be promptly and accurately ascertained; or
- (4) any period during which the transfer of funds involved in the acquisition or realisation of investments cannot, in the opinion of the Board, be effected at normal prices or normal rates of exchange; or
- (5) any period when the Board consider it to be in the best interests of the Issuer or the holders of Instruments.

Any such suspension in the calculation of the valuation referred to in this Prospectus, to the extent required under the Articles or by the rules of the Luxembourg Stock Exchange and/or any other relevant stock exchange (as the case may be) will be notified by the Calculation Agent to the Luxembourg Stock Exchange and/or any other relevant stock exchange immediately and in any event within the same Business Day on which such suspension occurs. Where possible, all reasonable steps will be taken to bring any period of suspension to an end at the earliest opportunity.

(h) Corporate Objects

The corporate objects of the Issuer are to enter into, perform and serve as a vehicle for, any securitisation transactions as permitted under the Securitisation Act 2004 and are specified in full in Article 5 of the Articles.

DESCRIPTION OF THE ISSUER

General

The Issuer is a securitisation company incorporated under the laws of the Grand Duchy of Luxembourg as a *société anonyme* (public limited liability company) on 8th September, 2004 and its activities are subject to the Securitisation Act 2004. Copies of the Articles were lodged with the Luxembourg trade and companies register (*Registre de commerce et des sociétés, Luxembourg*) on 8th September, 2004 and the Issuer is registered with the Luxembourg trade and companies register under number B.103.036.

The registered office of the Issuer is at 2, Boulevard Konrad Adenauer, L-1115 Luxembourg and its telephone number is +352 4 21 22 - 1.

Share Capital and Shareholders

The authorised share capital of the Issuer is €227,272.50 divided into 181,818 Ordinary Shares of €1.25 each.

The Issuer has issued 181,818 Ordinary Shares, all of which are fully paid and are held by the following persons:

<i>Ordinary Shareholders</i>	<i>No. of Ordinary Shares owned</i>
The Freesia Charitable Trust Anson House, Havilland Street, St Peter Port, Guernsey, Channel Islands GY1 3GF	181,816
Ansons Fund Managers Limited Anson House, Havilland Street, St Peter Port, Guernsey, Channel Islands GY1 3GF	2

Each of the issued Ordinary Shares is held on trust by the holders thereof (each holder a **Share Trustee** and, together, the **Share Trustees**) under the terms of a declaration of trust (each a **Declaration of Trust** and, together, the **Declarations of Trust**) dated 3rd September, 2004, under which the relevant Share Trustee holds its Ordinary Shares on trust for charity. The Share Trustees have no beneficial interest in and derive no benefit (other than any expenses for acting as Share Trustee) from their holding of the issued shares. The Share Trustees will apply any income derived by them from the Issuer solely for charitable purposes.

Business

So long as any of the Instruments remain outstanding, the Issuer will be subject to the restrictions set out in General Condition 8 (*Restrictions*) for Debt Instruments, the relevant Series Instrument and the Articles.

The estimated amount of the preliminary expenses of the Issuer are €25,000 and are payable by the Arranger.

The corporate objects of the Issuer set out in the Articles, are the issue of Instruments based on investor demand and expenses in connection with such issuance.

The Issuer has, and will have, no assets other than the sum of €249,999.75 representing the issued and paid-up share capital and share premium, such expenses (as agreed) per issue payable to it in connection with the issue of Instruments or the purchase, sale or incurring of other obligations and any Series Assets. Save in respect of the expenses generated in connection with each issue of Instruments, any related profits and the proceeds of any deposits and investments

made from such expenses or from amounts representing the Issuer's issued and paid-up share capital and share premium, the Issuer will not accumulate any surpluses.

The Instruments are obligations of the Issuer alone and not of, or guaranteed in any way by, the Share Trustees or the Trustee. Furthermore, they are not obligations of, or guaranteed in any way by, the Arranger, any Hedging Counterparty, any Repurchase Counterparty or any Agent.

Capitalisation

The following table sets out the unaudited capitalisation of the Issuer as at the date of this Prospectus:

		<i>euro</i>
Share Capital	Issued 181,818 Ordinary Shares of €1.25 each	227,272.5
Share Premium		22,727.25
Indebtedness	Series 1 Euro 125,000,000 Floating Rate Notes due 16th December, 2009, issued 16th December, 2004	125,000,000
	Series 2 Euro 125,000,000 Floating Rate Notes due 16th December, 2009, issued 16th December, 2004	125,000,000
	Series 3 Euro 500,000,000 Fixed Rate Notes due 16th December, 2009, issued 16th December, 2004	500,000,000
Total Capitalisation:		750,249,999.75

Save for the issues of Instruments described above and their related arrangements (if any), and as disclosed elsewhere in this Prospectus, the Issuer has no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities. The information regarding the capitalisation of the Issuer has not been audited.

Administration, Management and Supervisory Bodies

The Directors of the Issuer are as follows:

Director *principal outside activities*

Alexis Kamarowsky Managing Director of Luxembourg International Consulting S.A.

Federigo Cannizzaro di Belmontino Director of Luxembourg International Consulting S.A.

Benedict Peeters Director of Deutsche Bank AG London

The business address of Alexis Kamarowsky is Interconsult, 7, Val Ste. Croix, L-1371 Luxembourg, the business address of Federigo Cannizzaro di Belmontino is Interconsult, 7, Val Ste. Croix, L-1371 Luxembourg and the business address of Benedict Peeters is Winchester

House, 1 Great Winchester Street, London EC2N 2DB. The principal outside activities of the Directors above may be significant with respect to the Issuer to the extent that Luxembourg International Consulting S.A. provides professional administration, management and directorial services to other companies similar in nature to the Issuer and Deutsche Bank AG London is the Arranger and Dealer of, and may be an affiliate of any other party participating in, the issuance of a Series of Instruments. To the extent that a conflict between Luxembourg International Consulting S.A. and/or Deutsche Bank AG London and the Issuer exists, there may be a conflict of interest between the private interests of the Directors of the Issuer (or any one of them) and those of the Issuer.

Deutsche Bank Luxembourg S.A. acts as the Domiciliation Agent of the Issuer. The office of the Domiciliation Agent will serve as the registered office of the Issuer which is located at 2, Boulevard Konrad Adenauer, L-1115 Luxembourg. Pursuant to the terms of the Domiciliation Agreement dated 9th September, 2004 and entered into between the Domiciliation Agent and the Issuer, the Domiciliation Agent will perform in Luxembourg certain administrative, accounting and related services. In consideration of the foregoing, the Domiciliation Agent will receive various expenses payable by the Issuer at rates agreed upon from time to time. The appointment of the Domiciliation Agent may be terminated by either the Issuer or the Domiciliation Agent upon not less than 2 months' prior written notice. Deutsche Bank Luxembourg S.A. is an affiliate of the Arranger and Dealer and may be an affiliate of any other party participating in the issuance of a Series of Instruments. To the extent that a conflict between such party and the Issuer exists, there may be a conflict of interest between the private interests of the Domiciliation Agent and those of the Issuer.

No corporate governance regime to which the Issuer would be subject exists in Luxembourg as at the date of this Prospectus.

Financial Statements

The financial year of the Issuer is the calendar year save that the first financial year is from the date of incorporation to 31st January, 2006 and the second financial year is from 1st February, 2006 to 31st January, 2007. The Issuer will publish its first audited financial statements in respect of the period ending on 31st January, 2006. The Issuer will not prepare interim financial statements.

In accordance with Articles 72, 74 and 75 of the Companies Act 1915 the Issuer is obliged to publish its annual accounts on an annual basis following approval of the annual accounts by the annual general meeting of the shareholders. The ordinary general meeting of shareholders takes place annually on the last Friday of May or the next following Business Day at 2pm at the registered office of the Issuer or at such other place as may be specified in the convening notice. The first ordinary general meeting of shareholders is scheduled to take place on the last Friday of May in 2006.

Any future published annual audited financial statements prepared for the Issuer will be obtainable free of charge from the specified office of the Paying Agents in London and the Grand Duchy of Luxembourg, as described in "General Information".

Statutory Auditors

The external auditors (*réviseurs aux comptes*) of the Issuer, which have been appointed by a resolution of the Board dated 17th November, 2004, are Ernst & Young, Luxembourg and belong to the Luxembourg institute of auditors (*Instituts des réviseur d'entreprises*).

The opening balance sheet of the Issuer as at 8th September, 2004 has been audited by the external auditors of the Issuer. The auditors report in respect of, and containing, such opening balance sheet appears below:

AUDITOR'S REPORT

To the Board of Directors
Palladium Securities 1 S.A.

Dear Sirs,

Introduction

We report on the financial information set out below. This financial information has been prepared for inclusion in the Prospectus to be dated September 2, 2005 (the "Prospectus") of Palladium Securities 1 S.A. (the "Company").

The Company was incorporated in Luxembourg with limited liability on September 8, 2004. The Registrar of Companies issued the Company with a certificate to do business and exercise its borrowing powers. The Company has not yet commenced trade and has not declared or paid a dividend.

We have been appointed as external auditor on September 8, 2004.

Basis of preparation

The financial information set out below is based on the statutory records and accounting records of the Company. The Company has not prepared any audited statutory financial statements for presentation since incorporation.

Responsibility

The accounting records are the responsibility of the directors of the Company.

The Company is responsible for the contents of the Prospectus in which this report is included.

It is our responsibility to form an opinion on the attached financial information and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An

audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial information presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial information gives, in conformity with the Luxembourg legal and regulatory requirements and for the purpose of the Prospectus, a true and fair view of the financial position of the Company as at September 8, 2004.

ERNST & YOUNG
Société Anonyme
Independent Auditor

Bernard LHOEST

Luxembourg, August 29, 2005

Palladium Securities 1 S.A.
Société anonyme
Opening balance statement

Palladium Securities 1 S.A.
Société Anonyme
Registered Office: 2 Boulevard Konrad Adenauer
L - 1115 Luxembourg
R.C.S.: B 103.036

(*expressed in EUR*)
as at 8 September 2004
Balance Sheet

ASSETS	Note	<u>08.09.2004</u>
CURRENT ASSETS		
Cash and cash equivalents		249.999,75
		<u>249.999,75</u>
		<u>249.999,75</u>
LIABILITIES		
SHAREHOLDERS' EQUITY		
Subscribed capital		227.272,50
Legal reserve		22.727,25
		<u>249.999,75</u>
		<u>249.999,75</u>

Notes to the financial information as of September 8, 2004

1 Accounting policies

The balance sheet has been prepared in accordance with the historical cost convention.

2 Profit and Loss

The company did not operate during the period from incorporation on September 8, 2004 nor did it receive any income nor did it incur any expenses or pay any dividends. Consequently, no profit and loss account has been prepared.

3 Share capital

The company was incorporated with an issued and subscribed capital of EUR 227.272,50, comprising 181.818 ordinary shares of a par value of EUR 1,25 each. All the share capital was allotted for cash, and fully paid, on incorporation. A share premium of EUR 22.727,25 consisting of a share premium of EUR 0,125 per share was paid into the legal reserve account.

TAXATION

Country Specific Taxation

Potential purchasers of Instruments are advised to consult their own tax advisors as to the tax consequences of transactions involving the Instruments. In addition to the information below potential purchasers of Instruments should consider the section "Additional Information" set out the relevant Final Terms in respect of the particular Series of Instruments (if such section is included).

LUXEMBOURG TAXATION

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Instruments should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Taxation of the Issuer

At the date of incorporation of the Issuer, a fixed capital duty (*droit d'apport*) of €1,250 was payable in respect of the issued and paid-up share capital. On future capital increases, no capital duty will become due. The transfer or sale of securities of the Issuer will not be subject to Luxembourg registration or stamp duty.

The Issuer will be considered a fiscal resident of Luxembourg both for purposes of Luxembourg domestic tax law and for purposes of the tax treaties entered into by Luxembourg and should therefore be able to obtain a residence certificate from the Luxembourg tax authorities.

The Issuer will be liable for Luxembourg corporation taxes. The standard applicable rate, including corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*) and solidarity taxes, is 30.38 per cent. for the fiscal year ending 31st December, 2004. Liability for such corporation taxes extends to the Issuer's worldwide profits including capital gains, subject to the provisions of any relevant double taxation treaty. The taxable income of the Issuer is computed by application of all rules of the Luxembourg income tax law of 4th December, 1967, as amended (*loi concernant l'impôt sur le revenu*), as commented and currently applied by the Luxembourg tax authorities. Under certain conditions, dividends received by the Issuer from qualifying participations and capital gains realised by the Issuer on the sale of qualifying participations may be exempt from Luxembourg corporation taxes under the Luxembourg participation exemption. The Issuer may further deduct from its taxable profits interest payments made to Instrumentholders under the explicit conditions that the Issuer commits itself to remit its proceeds to Instrumentholders. For tax purposes, payments made by the Issuer to Instrumentholders are always treated as interest, no matter whether the Instrumentholders actually hold Debt Instruments or Beneficiary Shares.

The Issuer will be exempt from wealth tax (*impôt sur la fortune*).

Taxation of the holders of Debt Instruments

No withholding tax is due on interest payments under the Debt Instruments. Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from 1st July, 2005 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 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 agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

A holder of Debt Instruments who is a resident of Luxembourg for tax purposes or who has a permanent establishment or a fixed place of business in Luxembourg, to which the Debt Instruments are attributable, is subject to Luxembourg income tax in respect of the interest paid or accrued on the Debt Instruments.

Under Luxembourg domestic tax law, gains realised by an individual holder of Debt Instruments, who acts in the course of the management of his private wealth and who is a resident of Luxembourg for tax purposes, on the sale or disposal, in any form whatsoever, of Debt Instruments are not subject to Luxembourg income tax, provided this sale or disposal took place six months after the acquisition of the Debt Instruments. An individual holder of Debt Instruments, who acts in the course of the management of his private wealth and who is a resident of Luxembourg for tax purposes, has further to include the portion of the gain corresponding to accrued but unpaid income in respect of the Debt Instruments in his taxable income. Gains realised by a corporate holder of Debt Instruments or by an individual holder of Debt Instruments, who acts in the course of the management of a professional or business undertaking, who is a resident of Luxembourg for tax purposes or who has a permanent establishment or a fixed place of business in Luxembourg, to which the Debt Instruments are attributable, on the sale or disposal, in any form whatsoever, of Debt Instruments are subject to Luxembourg income tax. Gains realised by a non resident holder of Debt Instruments, who does not have a permanent establishment or fixed place of business in Luxembourg, to which the Debt Instruments are attributable, on the sale or disposal of Debt Instruments are not subject to Luxembourg income tax.

A Luxembourg holder of Debt Instruments that is governed by the law of 31st July, 1929 on pure holding companies or by the laws of 30th March, 1988 and of 20th December, 2002 on investment funds will not be subject to any Luxembourg income tax in respect of interest received or accrued on the Debt Instruments, or on gains realised on the sale or disposal of Debt Instruments.

Under present Luxembourg tax law, a Debt Instrumentholder who is a resident of Luxembourg for tax purposes or who has a permanent establishment or a fixed place of business in Luxembourg, to which the Debt Instruments of the Issuer are attributable, has to take into account these Debt Instruments for purposes of the Luxembourg wealth tax, except, under certain circumstances, if the Debt Instrumentholder is governed by the law of 31st July, 1929 on pure holding companies or by the laws of 30th March, 1988 and of 20th December, 2002 on investment funds.

Taxation of the holders of Beneficiary Shares

No withholding tax is due on dividend payments under the Beneficiary Shares.

Under Luxembourg domestic tax law, dividends received from the Issuer by a Beneficiary Shareholder who is a resident of Luxembourg for tax purposes or who has a permanent establishment or a fixed place of business in Luxembourg, to which the Beneficiary Shares in the Issuer are attributable, are subject to Luxembourg income tax.

Under Luxembourg domestic tax law, gains realised by a Beneficiary Shareholder who is a resident of Luxembourg for tax purposes or who has a permanent establishment or a fixed place of business in Luxembourg, to which the Beneficiary Shares in the Issuer are attributable, on the

sale of these Beneficiary Shares are subject to Luxembourg income tax, or, in the case of an individual Beneficiary Shareholder acting in the course of the management of its private assets, if the sale is not of a speculative nature and the Beneficiary Shareholder does not hold a substantial participation in the Issuer. Gains realised by a Beneficiary Shareholder who is not a resident of Luxembourg for tax purposes and who has no permanent establishment or fixed place of business to which the Beneficiary Shares are attributable are not taxable in Luxembourg, except if the Beneficiary Shares are part of a substantial participation of more than 10 per cent. in the Issuer, provided these Beneficiary Shares are sold within six months of their acquisition or, under certain conditions, the Beneficiary Shareholder has been a resident of Luxembourg in the past.

A Luxembourg Beneficiary Shareholder that is governed by the law of 31st July, 1929 on pure holding companies or by the laws of 30th March, 1988 and of 20th December, 2002 on investment funds will not be subject to any Luxembourg income tax in respect of dividends received from the Issuer or gains realised on the sale of the Beneficiary Shares.

Under present Luxembourg tax law, an investor who is a resident of Luxembourg for tax purposes or who has a permanent establishment or a fixed place of business in Luxembourg, to which the Beneficiary Shares in the Issuer are attributable, has to take into account these Beneficiary Shares for purposes of the Luxembourg wealth tax, except, under certain circumstances, in the case where the conditions of the Luxembourg participation exemption are met or if the investor is governed by the law of 31st July, 1929 on pure holding companies or by the laws of 30th March, 1988 and of 20th December, 2002 on investment funds.

Other Taxes

Under present Luxembourg tax law, in the case where a holder of Debt Instruments or Beneficiary Shares is a resident for tax purposes of Luxembourg at the time of his death, the Debt Instruments or Beneficiary Shares are included in his taxable estate, for inheritance tax purposes and gift tax may be due on a gift or donation of Debt Instruments or Beneficiary Shares, if the gift is recorded in a Luxembourg deed.

UNITED STATES FEDERAL INCOME TAXATION

General

The following is a general summary of certain principal US federal income tax consequences that may be relevant with respect to the ownership of the Instruments. This summary addresses only the US federal income tax considerations of holders that acquire the Instruments at their original issuance and that will hold the Instruments as capital assets. The Issuer has not obtained an opinion from tax counsel and no ruling is being requested from the US Internal Revenue Service (the **IRS**) regarding the matters discussed herein and there can be no assurance that the IRS will agree with the conclusions expressed herein.

This summary does not purport to address all US federal income tax matters that may be relevant to a particular Instrumentholder. In particular, this summary does not address tax considerations applicable to Instrumentholders that may be subject to special tax rules including, without limitation, the following: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in securities, currencies or notional principal contracts; (iv) tax-exempt entities; (v) regulated investment companies; (vi) real estate investment trusts; (vii) persons that will hold the Instruments 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 US federal income tax purposes; (viii) persons that own (or are deemed to own) 10 per cent. or more of the voting shares (or interests treated as equity) of the Issuer; (ix) persons whose "functional currency" is not the US dollar; and (x) persons who hold the Instruments through partnerships or other pass-through entities. Further, this summary does not address alternative minimum tax consequences or the indirect effects on the holders of equity interests in an Instrumentholder. This summary also does

not describe any tax consequences arising under the laws of any taxing jurisdictions other than the federal income tax laws of the US federal government.

This summary does not cover every type of Instrument that may be issued under this Prospectus. If we intend to issue an Instrument of a type not described in this summary, or if there are otherwise special tax consequences with respect to the Instrument that are not covered herein, additional tax information will be provided in the Final Terms for the applicable Instrument.

This summary is based on the US Internal Revenue Code of 1986, as amended (the **Code**), United States Treasury Regulations and judicial and administrative interpretations thereof, in each case as in effect and available on the date of this Prospectus. All of the foregoing are subject to change, which change could apply retroactively and could affect the tax consequences described below.

Prospective investors should consult their own tax advisors regarding the proper treatment of the Instruments for US federal income tax purposes and the tax consequences of an investment in the Instruments under the federal, state and local laws of the United States and any other jurisdiction where the investor may be subject to taxation.

For the purposes of this summary, a **US Holder** is a beneficial owner of Instruments that is, for US federal income tax purposes:

- (a) a citizen or resident of the United States;
- (b) a corporation or other entity treated as a corporation for US federal income tax purposes, created or organised in or under the laws of the United States or any state thereof (including the District of Columbia);
- (c) an estate the income of which is subject to US federal income taxation regardless of its source; or
- (d) a trust if (i) a court within the United States is able to exercise primary supervision over its administration and (ii) one or more United States persons have the authority to control all of the substantial decisions of such trust. As provided in United States Treasury Regulations, certain trusts in existence on 20th August, 1996, and treated as United States persons prior to that date that maintain a valid election to continue to be treated as United States persons also are US Holders.

A **Non-US Holder** is a beneficial owner of Instruments that is not a US Holder. If a partnership holds Instruments, the US federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partner of a partnership holding Instruments should consult its tax advisor.

Taxation of US Holders

General

The tax treatment of Warrants is discussed in a separate section from the general discussion of Debt Instruments and is summarised below under "*Tax Considerations with respect to Warrants for US Federal Income Tax Purposes*". Although the Debt Instruments will be issued in the form of debt, the terms and conditions of certain Debt Instruments may cause such Debt Instruments to be characterised as equity of the Issuer for US federal income tax purposes. **Prospective investors should consider the tax consequences of an investment in the Instruments under either possible characterisation (each of which is summarised below) and should consult their tax advisors regarding the treatment of the Instruments for US federal income tax purposes.**

Tax Considerations if Instruments are Characterised as Debt for US Federal Income Tax Purposes.

Payments of Interest

Interest on an Instrument characterised as debt for US federal income tax purposes, whether payable in US dollars or a currency other than US dollars (a **foreign currency**), other than interest on a "Discount Debt Instrument" that is not "qualified stated interest" (each as defined below under "Original Issue Discount—General"), will be taxable to a US Holder as ordinary interest income at the time it is received or accrued, depending on the US Holder's method of accounting for US federal income tax purposes.

In the case of a US Holder utilising the cash method of accounting for US federal income tax purposes and that receives interest paid in a foreign currency, the amount of interest income in respect of any interest payment will be determined by translating such payment into US dollars at the spot exchange rate in effect on the date such interest payment is received, regardless of whether the payment is in fact converted into US dollars. No exchange gain or loss will be realised with respect to the receipt of such interest payment, other than exchange gain or loss that is attributable to the actual disposition of the foreign currency received.

If interest on a Debt Instrument is payable in a foreign currency, an accrual basis US Holder may determine the amount of the 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 interest 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 US 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 US Holder may instead translate that interest expense 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 US Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the US Holder and will be irrevocable without the consent of the IRS.

A US 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 (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Debt Instrument). The amount of ordinary income or loss will equal the difference between the US dollar value of the interest payment received (determined on the date the payment is received) in respect of the accrual period and the US dollar value of interest income that has accrued during that accrual period (as determined under the accrual method utilised by the US Holder).

Foreign currency received as interest on the Debt Instruments will have a tax basis equal to its US dollar value at the time the interest payment is received. Gain or loss, if any, realised by a US Holder on a sale or other disposition of that foreign currency will be ordinary income or loss and will generally be income from sources within the United States for foreign tax credit limitation purposes.

Interest on Debt Instruments received by a US Holder will be treated as foreign source income for the purposes of calculating that holder's foreign tax credit limitation. The limitation on foreign taxes eligible for the US foreign tax credit is calculated separately with respect to specific classes of income. For this purpose, the interest on the Debt Instruments should generally constitute passive income, or in the case of certain US Holders, financial services income.

Original Issue Discount

General. A Debt Instrument, other than a Debt Instrument with a term of one year or less (a **Short-Term Debt Instrument**), will be treated as issued at an original issue discount (**OID** and a Debt Instrument issued with OID, a **Discount Debt Instrument**) for US federal income tax purposes if the excess of the sum of all payments provided under the Debt Instrument, other than **qualified stated interest payments** (as defined below), over the "Issue Price" of the Debt Instrument is more than a "de minimis amount" (as defined below). **Qualified stated interest** is generally interest paid on a Debt Instrument that is unconditionally payable at least annually at a single fixed rate. For US federal income tax purposes, the Issue Price of the Debt Instruments under the applicable Final Terms will be the first price at which a substantial amount of such Debt Instruments 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 Rates Debt Instruments" are described below under "Original Issue Discount—Variable Rate Debt Instruments").

In general, if the excess of the sum of all payments provided under a Debt Instrument other than qualified stated interest payments (the **stated redemption price at maturity** of the Debt Instrument) over its Issue Price is less than $\frac{1}{4}$ of one per cent. of the stated redemption price at maturity of the Debt Instrument 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 Debt Instrument is not a Discount Debt Instrument. Unless the election described below under "*Election to Treat All Interest as OID*" is made, a US Holder of a Debt Instrument with de minimis OID must include such de minimis OID in income as stated principal payments on the Debt Instrument are made. The includible amount with respect to each such payment will equal the product of the total amount of the de minimis OID of the Debt Instrument 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 Debt Instrument.

A US Holder will be required to include OID on a Discount Debt Instrument in income for US federal income tax purposes as it accrues calculated on a constant-yield method (described below) before the actual receipt of cash attributable to that income, regardless of the US Holder's method of accounting for US federal income tax purposes. Under this method, US Holders generally will be required to include in income increasingly greater amounts of OID over the life of the Discount Debt Instrument.

The amount of OID includible in income by a US Holder of a Discount Debt Instrument is the sum of the daily portions of OID with respect to the Debt Instrument for each day during the taxable year or portion of the taxable year on which the US Holder holds that Debt Instrument (**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 Debt Instrument may be of any length selected by the US Holder and may vary in length over the term of the Debt Instrument as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Debt Instrument 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 "adjusted issue price" at the beginning of the accrual period of the Debt Instrument and such Debt Instrument'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 Debt Instrument allocable to the accrual period. The **adjusted issue price** of a Debt Instrument at the beginning of any accrual period is the Issue Price of the Debt Instrument 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 Debt Instrument 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 Debt Instrument 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 Debt Instrument (other than any payment of qualified stated interest) and (y) the Debt Instrument's adjusted issue price as of the beginning of the final accrual period.

OID for any accrual period on a Debt Instrument that is denominated in, or determined by reference to, a foreign currency will be determined in that foreign currency and then translated into US dollars in the same manner as interest payments accrued by an accrual basis US Holder, as described under "*Payments of Interest*" above. Upon receipt of an amount attributable to OID in these circumstances, a US Holder may recognise ordinary income or loss.

OID on a Discount Debt Instrument will be treated as foreign source income for the purposes of calculating a US Holder's foreign tax credit limitation. The limitation on foreign taxes eligible for the United States foreign tax credit is calculated separately with respect to specific classes of income. For this purpose, OID on a Discount Debt Instrument should generally constitute **passive income** or, in the case of certain US Holders, "financial services income."

Acquisition Premium. A US Holder that purchases a Debt Instrument for an amount less than or equal to the sum of all amounts payable on the Debt Instrument after the purchase date other than payments of qualified stated interest but in excess of its adjusted issue price (as determined above under "*Original Issue Discount—General*") (any such excess being **acquisition premium**) and that does not make the election described below under "*Election to Treat All Interest as OID*" shall reduce the daily portions of OID by a fraction, the numerator of which is the excess of the US Holder's adjusted basis in the Debt Instrument immediately after its purchase over the adjusted issue price of the Debt Instrument, and the denominator of which is the excess of the sum of all amounts payable on the Debt Instrument after the purchase date, other than payments of qualified stated interest, over the Debt Instrument's adjusted issue price.

Market Discount. A Debt Instrument, other than a short-term Debt Instrument, will be treated as purchased at a market discount (a **Market Discount Debt Instrument**) if the Debt Instrument's stated redemption price at maturity or, in the case of a Discount Debt Instrument, the Debt Instrument's "revised issue price", exceeds the amount for which the US Holder purchased the Debt Instrument by at least $\frac{1}{4}$ of one per cent. of such Debt Instrument's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Debt Instrument's maturity. If such excess is not sufficient to cause the Debt Instrument to be a Market Discount Debt Instrument, then such excess constitutes **de minimis market discount** and such Debt Instrument is not subject to the rules discussed in the following paragraphs. For these purposes, the **revised issue price** of a Debt Instrument generally equals its issue price, increased by the amount of any OID that has accrued on the Debt Instrument.

Any gain recognised on the maturity or disposition of a Market Discount Debt Instrument will be treated as ordinary income to the extent that such gain does not exceed the accrued market discount on such Debt Instrument. Alternatively, a US Holder of a Market Discount Debt Instrument may elect to include market discount in income currently over the life of the Debt Instrument. Such an election shall apply to all debt instruments with market discount acquired by the electing US 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 Debt Instrument will accrue on a straight-line basis unless the US Holder elects to accrue such market discount on a constant-yield method. Such an election shall apply only to the Debt Instrument with respect to which it is made and may not be revoked. A US Holder of a Market Discount Debt Instrument 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 Debt Instrument in an amount not exceeding the accrued market discount on such Debt Instrument until the maturity or disposition of such Debt Instrument.

Election to Treat All Interest as OID. A US Holder may elect to include in gross income all interest that accrues on a Debt Instrument using the constant-yield method described above under the heading "*Original Issue Discount—General*", 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 Debt Instrument with respect to which this election has been made, the issue price of the Debt Instrument will equal its cost to the electing US Holder, the issue date of the Debt Instrument will be the date of its acquisition by the electing US Holder, and no payments on the Debt Instrument will be treated as payments of qualified stated interest. This election will generally apply only to the Debt Instrument 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 Debt Instrument with amortisable bond premium, then the electing US 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 US Holder as of the beginning of the taxable year in which the Debt Instrument 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 Debt Instrument is made with respect to a Market Discount Debt Instrument, the electing US 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 US Holder.

Variable Rate Debt Instrument

A **Variable Rate Debt Instrument** is a Debt Instrument 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 anytime 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 Debt Instrument 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 Debt Instrument 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 Debt Instrument, 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 Debt Instrument or are not reasonably expected to significantly affect the yield on the Debt Instrument.

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 Debt Instrument's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Debt Instrument'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 Debt Instrument 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 Debt Instrument 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 Debt Instrument provides for stated interest at a single qualified floating rate or objective rate, all stated interest on the Debt Instrument 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 Debt Instrument.

If a Variable Rate Debt Instrument 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 Debt Instrument are generally determined by (i) determining a fixed rate substitute for each variable rate provided under the Variable Rate Debt Instrument (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 Debt Instrument), (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 Debt Instrument 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 Debt Instrument 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

Debt Instrument 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 advisors regarding the applicability and consequences of the variable rate debt security rules to any of the Debt Instruments issued under this Prospectus.

Contingent Payment Debt Instrument

If a Debt Instrument is treated as a contingent payment debt instrument (a **CPDI**), the US Treasury Regulations governing the treatment of a CPDI (**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 instrument under general principles of current US federal income tax law. The CPDI Regulations generally require a US Holder of such instrument to apply the "noncontingent bond method", which, as described below, generally requires a US Holder to include future contingent and noncontingent 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 US Holder on the sale, exchange, or retirement 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 noncontingent bond method, for each accrual period prior to and including the maturity date of the Debt Instrument, 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 includible as ordinary interest income by a US Holder for each day in the accrual period on which the US Holder holds the Debt Instrument. The adjusted issue price for purposes of the noncontingent bond method is equal to the Debt Instrument's Issue Price, increased by the interest previously accrued on the Debt Instrument and decreased by the amount of any Projected Payments (as defined below) previously made on the Debt Instrument. The **comparable yield** is the annual yield that the Issuer would pay, as of the issue date, on a fixed rate debt instrument with no contingent payment but with terms and conditions otherwise comparable to those of the Debt Instrument. Amounts treated as interest under the foregoing contingent payment obligation rules are treated as OID for all US federal income tax purposes.

Also under the noncontingent bond method of the CPDI Regulations, the Issuer would be required, solely for US federal income tax purposes, to provide a schedule (the **Schedule**) of the projected amounts of payments (the **Projected Payments**) on the Debt Instrument. The comparable yield and projected payment schedule are used to determine accruals of interest FOR TAX PURPOSES ONLY and are not assurances or predictions by the Issuer with respect to the actual yield of, or payment to be made in respect of, a Debt Instrument. The comparable yield and the projected payment schedule do not necessarily represent the Issuer's expectations regarding such yield, and the amount and timing of such payment. 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 Debt Instrument for that taxable year (including, in the case of the taxable year which includes the maturity date of the Debt Instrument, the amount of cash received at maturity) exceeds the total amount of 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 Projected Payments for that taxable year, the difference will produce a "net negative adjustment", which will (i) reduce the US Holder's interest income 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 US Holder's interest income on the Debt Instrument during the prior taxable years (reduced to the extent such interest was offset by prior net negative adjustments). As a result of the classification of a Debt Instrument as a contingent debt instrument subject to the

noncontingent bond method, any gain or loss realised on the sale or exchange of the Debt Instrument may be treated as ordinary income or loss, in whole or in part.

Prospective purchasers should consult their own tax advisors regarding the applicability and consequences of the CPDI rules to any of the Debt Instruments issued under this Prospectus.

Debt Instrument Subject to Redemption

Certain of the Debt Instrument may be redeemable at the option of the Issuer prior to their maturity (a **call option**). Debt Instrument containing such call option may be subject to rules that are different from the general rules discussed above. Investors intending to purchase Debt Instrument with a call option should consult their own tax advisors, since the OID consequences will depend, in part, on the particular terms and features of the purchased Debt Instrument.

Short-Term Debt Instrument

Short-Term Debt Instruments will be treated as having been issued with OID. In general, an individual or other cash method US Holder is not required to accrue such OID unless the US Holder elects to do so. If such an election is not made, any gain recognised by the US Holder on the sale, exchange or maturity of the Short-Term Debt Instrument will be ordinary income to the extent of the OID accrued on a straight-line basis, or upon election under the constant yield method (based on daily compounding), through the date of sale or maturity, and a portion of the deductions otherwise allowable to the US Holder for interest on borrowings allocable to the Short-Term Debt Instrument will be deferred until a corresponding amount of income is realised. US Holders who report income for US federal income tax purposes under the accrual method, are required to accrue OID on a Short-Term Debt Instrument on a straight-line basis unless an election is made to accrue the OID under a constant yield method (based on daily compounding).

Defaults, Delinquencies and Shortfalls with Respect to a Debt Instrument

A US Holder may be required to accrue interest and OID with respect to a Debt Instrument without giving effect to any anticipated reductions or delays in distributions on the Debt Instrument. Although a US Holder eventually will recognise a loss or a reduction in income attributable to an actual default or shortfall on a Debt Instrument, the law is unclear with respect to the timing and character of such a loss or reduction in income. As a result, the amount of taxable income reported in any period by a US Holder could exceed the amount of economic income actually realised by the US Holder in such period. US Holders of an Instrument should consult their own tax advisors concerning the treatment of any default, delinquency or shortfall in their specific circumstances.

Debt Instrument Purchased at a Premium

A US Holder that purchases a Debt Instrument 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 US Holder's income each year with respect to interest on the Debt Instrument will be reduced by the amount of amortisable bond premium allocable (based on the Debt Instrument's yield to maturity) to such year. In the case of a Debt Instrument 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 US 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 Debt Instruments. Any election to amortise bond premium shall apply to all bonds (other than bonds the interest in which is excludible from gross income) held by the US Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the US Holder and is irrevocable without the consent of the IRS.

Sale, Exchange or Retirement of the Debt Instruments

A US Holder's tax basis in a Debt Instrument will generally equal its "US dollar cost", increased by the amount of any OID or market discount included in the US Holder's income with respect to the Debt Instrument and the amount, if any, of income attributable to de minimis OID and de minimis market discount included in the US Holder's income with respect to the Debt Instrument (each as determined above), and reduced by the amount of any payments with respect to the Debt Instrument that are not qualified stated interest payments and the amount of any amortisable bond premium applied to reduce interest on the Debt Instrument. The **US dollar cost** of a Debt Instrument purchased with a foreign currency will generally be the US dollar value of the purchase price on the date of purchase or, in the case of Debt Instruments traded on an established securities market (as defined in the applicable US Treasury Regulations) that are purchased by a cash basis US Holder (or an accrual basis US Holder that so elects), on the settlement date for the purchase.

A US Holder will generally recognise gain or loss on the sale, exchange or retirement of a Debt Instrument equal to the difference between the amount realised on the sale, exchange or retirement and the tax basis of the Debt Instrument. The amount realised on the sale, exchange or retirement of a Debt Instrument for an amount in foreign currency will be the US dollar value of that amount on (1) the date the payment is received in the case of a cash basis US Holder, (2) the date of disposition in the case of an accrual basis US Holder, or (3) in the case of a Debt Instrument traded on an established securities market (as defined in the applicable US Treasury Regulations) that are sold by a cash basis US Holder (or an accrual basis US Holder that so elects), on the settlement date of the sale.

Gain or loss recognised by a US Holder on the sale, exchange or retirement of a Debt Instrument 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 US dollar value of the amount received on the sale, exchange or retirement of a Debt Instrument 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 US dollar value of accrued but unpaid OID as determined by the US Holder under the rules described above under "*Original Issue Discount—General*". Principal exchange gain or loss will equal the difference between the US dollar value of the US Holder's purchase price of the Debt Instrument in foreign currency determined on the date of the sale, exchange or retirement, and the US dollar value of the US Holder's purchase price of the Debt Instrument in foreign currency determined on the date the US Holder acquired the Debt Instrument. The foregoing foreign currency gain or loss will be recognised only to the extent of the total gain or loss realised by the US Holder on the sale, exchange or retirement of the Debt Instrument, and will generally be treated as from sources within the United States for US foreign tax credit limitation purposes.

Any gain or loss recognised by a US Holder in excess of foreign currency gain recognised on the sale, exchange or retirement of a Debt Instrument would generally be US 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).

If a US Holder's basis in a Debt Instrument includes accrued but unpaid OID and the US Holder recognises a loss on the transaction with respect to such amounts that exceeds certain specified thresholds, the US Holder may be required to specifically disclose certain information with respect to the transaction on its tax return under recently issued tax disclosure regulations. US Holders should consult their own tax advisors as to the applicability of these disclosure regulations.

Prospective investors should consult their own tax advisors 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 held the Debt Instruments for more than one year) and capital losses (the deductibility of which is subject to limitations).

A US Holder will have a tax basis in any foreign currency received on the sale, exchange or retirement of a Debt Instrument equal to the US dollar value of the foreign currency at the time of the sale, exchange or retirement. Gain or loss, if any, realised by a US Holder on a sale or other disposition of that foreign currency will be ordinary income or loss and will generally be income from sources within the United States for foreign tax credit limitation purposes.

Tax Considerations if Instruments are Characterised as Equity for US Federal Income Tax Purposes

Distribution

Subject to the rules for passive foreign investment company 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 US Holder as a dividend to the extent of the current and accumulated earnings and profits of the Issuer (computed based on US federal income tax principles). The US 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 US Holder to the extent of, and will be applied against and reduce, the US 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 US Holder as capital gain from the sale or exchange of property. The Issuer does not currently intend to maintain calculations of their earnings and profits under US federal income tax principles. If an issuer does not report to a US Holder the portion of a distribution that exceeds earnings and profits for US 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.

Under recently enacted US legislation, certain dividends received by individual US Holders after December 31, 2002, will be subject to a maximum income tax rate of 15 per cent. This reduced income tax rate is only applicable to dividends paid by "qualified corporations" and only with respect to shares held by qualified US Holder (i.e., an individual) for a minimum holding period (generally, 61 days during the 120-days period beginning 60 days before the ex-dividend date). The Issuer is not considered a qualified corporation under the new US tax legislation. Accordingly, dividends paid by the Issuer may not be eligible for a reduced income tax rate. **Each prospective investor should consult its own advisor regarding the implications of the new US tax legislation.**

The amount of any distributions paid in a foreign currency, including the amount of any withholding tax thereon, will be included in the gross income of a US Holder in an amount equal to the US dollar value of the foreign currency calculated by reference to the exchange rate in effect on the date of receipt, regardless of whether the foreign currency is converted into US dollars. If the foreign currency is converted into US dollars on the date of receipt, a US Holder generally should not be required to recognise foreign currency gain or loss in respect of the distribution. If the foreign currency received in the distribution is not converted into US dollars on the date of receipt, a US Holder will have a basis in the foreign currency equal to its US dollar value on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of the foreign currency will be treated as ordinary income or loss and generally will be treated as US source income or loss for foreign tax credit limitation purposes.

Dividends received by a US 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 US Holder's US federal income tax liability. The limitation on foreign taxes eligible for the US foreign tax credit is calculated

separately with respect to specific classes of income. For this purpose, dividends distributed by the Issuer generally would constitute **passive income**, or, in the case of certain US Holders, "financial services income." In certain circumstances, a US Holder may be unable to claim foreign tax credits for foreign taxes imposed on a dividend.

Sale or Exchange of an Instrument Treated as Equity

In the case where an Instrument is treated as an equity interest in the Issuer for US federal income tax purposes, a US Holder generally will recognise capital gain or loss on the sale or exchange (including a redemption) of the Instrument equal to the difference between the amount realised on that sale or exchange (or its US dollar equivalent, determined at the spot rate on the date of sale (or in the case of cash basis and electing accrual basis taxpayers, the settlement date), if the amount is determined in a foreign currency) and the US Holder's adjusted tax basis in the Instrument. Such gain or loss will be capital gain or loss and will generally be treated as from sources within the United States, except that losses will be treated as foreign source to the extent the US Holder received dividends that were included in the "financial services income" basket during the 24-month period prior to the sale. **US Holders should consult their own tax advisors 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 Instruments for more than one year) and capital losses (the deductibility of which is subject to limitations).**

If a US Holder receives foreign currency upon a sale or exchange, gain or loss, if any, recognised on the subsequent sale, conversion or disposition of such foreign currency will be ordinary income or loss, and will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. However, if such foreign currency is converted into US dollars on the date received by the US Holder, the US Holder generally should not be required to recognise any gain or loss on such conversion. The redemption of the Instruments will be treated as a sale of the redeemed Instruments by the US Holder (which is taxable as described in this paragraph) or, in certain circumstances, as a distribution to the US Holder (which is taxable as described in preceding paragraphs).

When a US Holder's basis in the shares includes amount recognised under the passive foreign investment company rules described below and the US Holder recognises a loss on the transaction with respect to such amounts that exceeds certain specified thresholds, the US Holder may be required to specifically disclose certain information with respect to the transaction on its tax return under recently issued tax disclosure regulations. US Holders should consult their own tax advisors as to the applicability of these disclosure regulations.

Status of the Issuer as a PFIC

The Issuer will be treated as a passive foreign investment company (**PFIC**) for US federal income tax purposes. US Holders of equity interests in the Issuer (**PFIC stock**), other than such US Holders that make a timely "qualified electing fund" election or a mark to market election (each as described below), will be subject to special rules applicable to PFIC stock.

A US 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 distributions received on the PFIC stock which are treated as an "excess distribution" (generally, any distribution received by the US Holder on the PFIC stock in a taxable year that are greater than 125 per cent. of the average annual distributions received by the US Holder in the three preceding taxable years or, if shorter, the US 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 US 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 US Holder who uses PFIC stock as security for a loan will be treated as having disposed of such PFIC stock. A US 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.

Mark to Market Election. US Holders can avoid the interest charge by making a mark to market election with respect to the PFIC stock, provided that the PFIC stock is "marketable" within the meaning of US Treasury Regulations. US Holders should consult their own tax advisers as to whether the PFIC stock is eligible for the mark to market election. Such election cannot be revoked without the consent of the IRS unless the PFIC stock ceases to be marketable. A US Holder that makes a mark to market election must include in ordinary income for each year an amount equal to the excess, if any, of the fair market value of the PFIC stock at the close of the taxable year over the US Holder's adjusted basis in the PFIC stock. An electing US Holder may also claim an ordinary loss deduction for the excess, if any, of the US Holder's adjusted basis in the PFIC stock over the fair market value of the PFIC stock at the close of the taxable year, but only to the extent of any net mark to market gains for prior years. In the case of a mark to market election, gains from an actual sale or other disposition of the PFIC stock will be treated as ordinary income, and any losses incurred on a sale or other disposition of the PFIC stock will be treated as an ordinary loss to the extent of any net mark to market gains for prior years. If the Issuer is a PFIC for any year in which the US Holder owns the PFIC stock but before a mark to market election is made, the interest charge rules described above will apply to any mark to market gain recognised in the year the election is made.

QEF Election. A US 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 US 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 US 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 US Holder. For this purpose, a US 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 US 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 US 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 US 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 US Holder's gross income, such distributions will be non-taxable to the US Holder. For the purposes of determining gain or loss on the disposition (including redemption or retirement) of PFIC stock, a US Holder's initial tax basis in the PFIC stock (i.e., the US 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 US 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 US 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 US Holder to make a QEF election with respect to PFIC stock of such Issuer.

Information Reporting Requirements. Under US federal income tax law and regulations, certain categories of US persons must file information returns with respect to their investment in the equity interests of a foreign corporation. **US Holders should consult their own tax advisors**

regarding any US federal income tax information reporting requirements that are attributable to such US Holder's ownership of the Instruments.

Prospective purchasers should consult their own tax advisors regarding whether an investment in an Instrument will be treated as an investment in PFIC stock and the consequences of an investment in a PFIC.

Tax Considerations with respect to Warrants for US Federal Income Tax Purposes.

General

Unless otherwise provided in the appropriate Final Terms, the Issuer intends treat the Warrants as cash-settled options for US federal income tax purposes and to file any necessary information reporting returns on that basis. Further, each US Holder, by accepting these Warrants, is deemed to agree to treat the Warrants as cash-settled options for US federal income tax purposes and to report all income (or loss) with respect to the Warrants in accordance with that treatment.

Warrants other than Currency Warrants

For US Holders, the tax consequences of holding and disposing of a Warrant will depend upon whether the Warrant is treated as a "Section 1256 contract" for US federal income tax purposes. A Warrant (other than a Currency Warrant, which is discussed separately below) will be treated as a Section 1256 contract if it is listed and either (i) is not an equity option, or (ii) is a designated equity option. For this purpose, a Warrant will be listed if it is not a right to acquire stock from the issuer and the Warrant is traded on (or subject to the rules of) a "qualified board or exchange" (as described in Section 1256(g)(7) of the Code). A Warrant will not be an equity option if it is not an option to buy or sell stock and its value is not determined directly or indirectly by reference to any stock, group of stocks, or stock index. An option will be considered to be a designated equity option if it is an option with respect to a group of stocks or a stock index and the group or index of stocks is not a "narrow-based securities index" within the meaning of Section 1256(g)(6)(B) of the Code. For this purpose, the Luxembourg Stock Exchange has not been designated as a qualified board or exchange, and, therefore, a Warrant will be a section 1256 contract only if it becomes traded on a qualified board or exchange and meets the requirements of either (i) or (ii) above.

Warrants that are Section 1256 Contracts

Taxation of Warrants Held at the Close of the Taxable Year. If a Warrant is treated as a Section 1256 contract (as discussed above) and is held by the US Holder at the close of the taxable year in question, it must be "marked-to-market" and, as such, the Warrant will be treated as sold at fair market value on the last business day of each taxable year. Under this mark-to-market rule, a US Holder of a Warrant will recognise gain or loss equal to the difference between the fair market value of the Warrant on the last business day of each taxable year (as determined by the Warrant's trading price) and the US Holder's tax basis for the Warrant. A US Holder's tax basis for a Warrant will equal the amount paid for the Warrant plus or minus the net gain or loss on the Warrant recognised under the mark-to-market rules by the US Holder in respect of the Warrant in prior taxable years. As a result of this mark-to-market rule, a US Holder might incur US federal income tax liability on an annual basis in respect of an increase in the value of the Warrant without the receipt of cash attributable thereto.

Sale, Exchange or Exercise of a Warrant. Upon the sale, exchange, exercise (including automatic exercise) or lapse of a Warrant, a US Holder will recognise gain or loss equal to the difference between the amount realised, if any, and the US Holder's tax basis in the Warrant.

Character of Gain or Loss. Any gain or loss with respect to a Warrant (either under the mark-to-market rules or on a sale, exchange or exercise) will be capital gain or loss and will be 60 per

cent. long-term capital gain or loss and 40 per cent. short-term capital gain or loss. In addition, such gain or loss generally will be considered US source gain or loss for US foreign tax credit purposes. With respect to a corporate US Holder, capital losses for a taxable year are allowed only to the extent of such holder's capital gains of such year, but may be carried back for three taxable years and carried forward for five taxable years. With respect to individual US Holders, in general, capital losses for the taxable year are allowed only to the extent of such holder's capital gains for the taxable year plus a maximum of US\$3000, but may be carried forward indefinitely. An individual may elect, however, to carryback net section 1256 contract losses for the taxable year against net section 1256 contract gains for each of the preceding three taxable years provided such carryback does not increase or produce a net operating loss for such years. **Prospective investors should consult their own tax advisors with respect to the treatment of long-term capital gains (which may be taxed at lower rates than ordinary income for certain taxpayers).**

Warrants that are not Section 1256 Contracts

If a Warrant is not a Section 1256 contract, then a US Holder will not be subject to the mark-to-market rules (discussed above) and will recognise gain or loss on the sale, exchange or lapse of the Warrant equal to the difference between the amount realised, if any, and the US Holder's tax basis in the Warrant. Assuming the Warrant is cash-settled, a US Holder will also recognise gain or loss on the exercise (including an automatic exercise) of a Warrant. Any gain or loss will be long-term capital gain or loss if the US Holder has held the Warrant for more than one year and generally will be United States source gain or loss for US foreign tax credit purposes. **Prospective investors should consult their own tax advisors with respect to the treatment of long-term capital gains (which may be taxed at lower rates than ordinary income for certain taxpayers) and capital losses (the deductibility of which is subject to limitations).**

Foreign Currency Warrants

In general, amounts includible in income by a US Holder of a Currency Warrant will be treated as foreign currency gain or loss for US federal income tax purposes. Such gain or loss generally will be treated as US source gain or loss for foreign tax credit purposes. Foreign currency gain or loss will be treated as ordinary income or loss unless such US Holder: (i) elects to treat gain or loss from the Warrant as capital gain or loss, (ii) on the date such US Holder acquires the Warrant, identifies the Warrant as a contract for which it has made such an election, and (iii) attaches a statement with the US Holder's US federal income tax return describing the election. **A US Holder wishing to make such an election should consult its tax adviser prior to purchasing the Warrant concerning the timing and manner of complying with the identification and filing requirements of such election.**

If the Currency Warrant is treated as a contract traded on an "interbank market" within the meaning of Section 1256(g)(2) of the Code, and the currency that the value of the Warrant depends upon is a currency in which positions are traded through regulated futures contracts, the US Holder will be required to mark the Warrant to market and, as such, to treat the Warrant as if it were sold for its fair market value on the last day of such taxable year during which the Warrant was held. Thus, a US Holder of a Currency Warrant might incur US federal income tax on an annual basis in respect of such Warrant without a corresponding receipt of cash. Any income or loss on a Currency Warrant marked-to-market under this provision will nevertheless be treated as ordinary income or loss.

If the Currency Warrant is traded on, or is subject to the rules of, a "qualified board or exchange" (as described in Section 1256(g)(7) of the Code), it could be a "non-equity option" subject not only to the mark-to-market rules of Section 1256(a)(1) of the Code but also to the requirement of Section 1256(a)(3) of the Code that any gain or loss be treated as 60 per cent. long-term capital gain or loss and 40 per cent. short-term capital gain or loss. As discussed above, the Luxembourg Stock Exchange is not currently designated as a qualified board or exchange.

Possible Alternative Characterisations of the Warrants

Because the US federal income tax characterisation of the Warrants is not certain, it is possible that the Warrants may be characterised in a manner different than that described above. In particular, it could be possible that the IRS might seek to characterise the Warrants as direct investments in the Underlying for US federal income tax purposes. Because the holders of the Warrants will be subject to the credit risk of the Issuer and such Warrants may be cancelled by the Issuer prior to the Warrants being exercised if there is a prepayment of the Collateral, a default in the payment of the Collateral, or a relevant Hedging Agreement or Repurchase Agreement is terminated, it is unlikely that the Warrants should be so characterised. If, however, the IRS is successful in asserting that the Warrants constitute direct investments in the Underlying, then the timing, character and the source of payments under, or with respect to, the Underlying may differ from that discussed above. Alternatively, it could also be possible that the IRS may characterise the Warrants as debt instruments that are subject to the Treasury Regulations governing contingent payment debt instruments or as prepaid cash settlement forward contracts for the Underlying. **Prospective investors are urged to consult their own tax advisors regarding the possible alternative characterisation and tax treatment of a Warrant for US federal income tax purposes.**

Taxation of Non-US Holders

Subject to the backup withholding tax discussion below, a non-US Holder generally should not be subject to US federal income or withholding tax on any payments on the Instruments and gain from the sale, redemption or other disposition of the Instruments unless (i) that payment and/or gain is effectively connected with the conduct by that Non-US Holder of a trade or business in the United States; (ii) in the case of any gain realised by an individual Non-US Holder, that holder is present in the United States for 183 days or more in the taxable year of the sale or other disposition and certain other conditions are met; or (3) the Non-US Holder is subject to tax pursuant to provisions of the Code applicable to certain expatriates. Non-US Holders should consult their own tax advisors regarding the US federal income and other tax consequences of owning the Instruments.

Information Reporting and Backup Withholding

Backup withholding and information reporting requirements may apply to certain payments of principal and interest on an Instrument, and of proceeds of the sale of an Instrument, made to US Holders that are beneficial owners of Instruments. The Issuer, its agent, a broker, or any paying agent, as the case may be, may be required to withhold tax from any payment that is subject to backup withholding, if the US Holder fails (i) to furnish the US Holder's taxpayer identification number, (ii) to certify that such US Holder is not subject to backup withholding or (iii) to otherwise comply with the applicable requirements of the backup withholding rules. Certain US Holders (including, among others, corporations) are not subject to the backup withholding and information reporting requirements. Non-US Holders who hold their Instruments through a US broker or agent or through the US office of a non-US broker or agent may be required to comply with applicable certification procedures to establish that they are not US 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 generally may be claimed as a credit against such holder's US federal income tax liability provided that the required information is furnished to the IRS. **Instrumentholders should consult their own tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.**

IRS Disclosure Reporting Requirements

Recently promulgated US Treasury Regulations (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 Instruments may be characterised as Reportable Transactions requiring an Instrumentholder who is required to file a tax return to disclose such transaction, such as a sale, exchange, retirement or other taxable disposition of an Instrument that results in a loss that exceeds certain thresholds and other specified conditions are met. Prospective investors in the Instruments should consult with their own tax advisors to determine the tax return obligations, if any, with respect to an investment in the Instruments, including any requirement to file IRS Form 8886 (Reportable Transaction Statement).

THE ABOVE SUMMARY DOES NOT DESCRIBE OTHER TAX CONSEQUENCES THAT WILL ARISE FROM PURCHASING, HOLDING AND DISPOSING OF THE INSTRUMENTS BECAUSE THE PRECISE TERMS OF THE INSTRUMENTS WILL VARY FROM ISSUE TO ISSUE. PERSONS WHO ARE UNSURE OF THEIR TAX POSITION ARE ADVISED TO CONSULT THEIR PROFESSIONAL ADVISORS.

MOREOVER, THE US FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON AN INSTRUMENTHOLDER'S PARTICULAR SITUATION. INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF AN INSTRUMENT, INCLUDING THE TAX CONSEQUENCES UNDER STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN FEDERAL OR OTHER TAX LAWS.

BOOK ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt (together, the **Clearing Agents** and each a **Clearing Agent**) currently in effect. The information in this section concerning the Clearing Agents has been obtained from sources that the Issuer believes to be reliable, but the Issuer does not take any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Agents are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing Agent. Neither the Issuer nor any other party to the 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 the Debt Instruments held through the facilities of any Clearing Agent or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

General

Each Clearing Agent holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. The Clearing Agents each provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing and also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Each of the Clearing Agent's customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to the Clearing Agents is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Book-entry Ownership of and Payments in respect of Registered Debt Instruments

If it is indicated in the relevant Final Terms that Registered Debt Instruments of any Series are to be cleared through a Clearing Agent, the Issuer will make applications to such Clearing Agent for acceptance of the Reg S Global Debt Instrument and/or Restricted Global Debt Instrument to be held in their respective book-entry systems. Each Reg S Global Debt Instrument and/or Restricted Global Debt Instrument will have an ISIN and a Common Code and will be registered in the name of a nominee for, and deposited with either a common depository on behalf of Euroclear and Clearstream, Luxembourg or with Clearstream, Frankfurt.

Subject to the rules and procedures of each applicable Clearing Agent, purchases of Debt Instruments represented by a Reg S Global Debt Instrument or a Restricted Global Debt Instrument held within a Clearing Agent must be made by or through accountholders, which will receive a credit for such Debt Instruments on the Clearing Agent's records. The ownership interest of each actual purchaser of each such Debt Instrument (the **Beneficial Owner**) will in turn be recorded on the records of the relevant accountholder. Beneficial Owners will not receive written confirmation from any Clearing Agent 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 relevant accountholder through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in Debt Instruments represented by a Reg S Global Debt Instrument or a Restricted Global Debt Instrument held within the Clearing Agent will be effected by entries made on the books of accountholders acting on behalf of Beneficial Owners. Beneficial owners will not receive certificates representing their

ownership interests in Registered Instruments except in the event that use of the relevant Clearing Agent(s) for the Registered Instruments is discontinued.

No Clearing Agent has knowledge of the actual Beneficial Owners of the Debt Instruments evidenced by Reg S Global Debt Instrument or a Restricted Global Debt Instrument held within such Clearing Agents and their records will reflect only identity of the accountholders to whose accounts such Debt Instruments are credited, which may or may not be the Beneficial Owners. The accountholders will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the Clearing Agents to accountholders and by accountholders 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.

Each of the persons shown in the records of a Clearing Agent as the holder of a Debt Instrument represented by a Reg S Global Debt Instrument or a Restricted Global Debt Instrument must look solely to that Clearing Agent for his share of each payment made by the Issuer to the holder of such Reg S Global Debt Instrument or Restricted Global Debt Instrument and in relation to all other rights arising under the Reg S Global Debt Instrument or Restricted Global Debt Instrument, subject to and in accordance with the respective rules and procedures of the relevant Clearing Agent. The Issuer expects that, upon receipt of any payment in respect of any Debt Instruments represented by a Reg S Global Debt Instrument or a Restricted Global Debt Instrument, the common depository by whom such Debt Instrument is held, or nominee in whose name it is registered, will immediately credit the relevant accountholders' accounts in the relevant Clearing Agent with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Reg S Global Debt Instrument or Restricted Global Debt Instrument as shown on the records of the relevant Clearing Agent or its nominee. The Issuer also expects that payments by accountholders in any Clearing Agent to owners of beneficial interests in any Reg S Global Debt Instrument or Restricted Global Debt Instrument held through such accountholders in any Clearing Agent will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Debt Instruments for so long as the Debt Instruments are represented by such Reg S Global Debt Instrument or Restricted Global Debt Instrument and the obligations of the Issuer will be discharged by payment to the bearer or holder, as the case may be, of such Reg S Global Debt Instrument or Restricted Global Debt Instrument in respect of each amount so paid. None of the Issuer, the Trustee or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Reg S Global Debt Instrument or Restricted Global Debt Instrument or for maintaining, supervising or reviewing any records relating to such ownership interests.

Settlement and Transfer of Registered Debt Instruments

Debt Instrumentholders holding interests in Registered Debt Instruments through Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt accounts will follow the settlement procedures applicable to conventional Eurobonds. Interests in such Registered Debt Instruments will be credited to the securities custody accounts of Euroclear, Clearstream, Luxembourg and Clearstream, Frankfurt accountholders on the business day following the issue date (backdated to the issue date) against payment for value on the issue date.

Transfers of any interests in Debt Instruments represented by a Registered Debt Instrument within DTC, Euroclear, Clearstream, Luxembourg and Clearstream, Frankfurt will be effected in accordance with the customary rules and operating procedures of the relevant Clearing System.

Subject to compliance with the transfer restrictions applicable to the Registered Instruments described under "Sales and Transfer Restrictions", cross-market transfers directly or indirectly through DTC, Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt accountholders will be effected by the relevant Clearing System in accordance with its rules and through action taken

by the Registrar, the Agent and any custodian (**Custodian**) with whom the relevant Registered Instruments have been deposited.

On or after the relevant issue date for any Series, transfers of Registered Instruments of such Series between accountholders in Euroclear, Clearstream, Luxembourg and Clearstream, Frankfurt 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.

Euroclear, Clearstream, Luxembourg and Clearstream, Frankfurt have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Debt Instruments among accountholders of Euroclear, Clearstream, Luxembourg and Clearstream, Frankfurt. 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. Neither the Issuer, nor the Agents nor any Dealer will be responsible for any performance by Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt or their respective direct or indirect participants or accountholders 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 Registered Debt Instruments or for maintaining, supervising or reviewing any records relating to such beneficial interests.

SALES AND TRANSFER RESTRICTIONS

General

The distribution of this document and the offering of the Instruments in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Issuer to inform themselves about and to observe any such restrictions.

The Issuer will enter into a Purchase Agreement with the Arranger in respect of each issue of Instruments, pursuant to which the Arranger will agree, among other things, to procure purchasers for such Instruments.

The Instruments of each Series issued will be purchased by the Arranger at the relevant Issue Price. Such Instruments will then be sold by the Arranger at such times and at such prices as the Arranger may select provided that where the Instruments are listed on any stock exchange this shall be subject to applicable rules and regulations of any such stock exchange. The Instruments of each Series may be offered or sold from time to time in one or more transactions, in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, in each case at the discretion of the Arranger. Neither the Issuer nor the Arranger shall be obliged to sell all or any of the Instruments of any Series.

Unless otherwise provided in the relevant Purchase Agreement, the Arranger will in each Purchase Agreement to which it is party agree that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Instruments or has in its possession or distributes this Prospectus or any part thereof or any other offering material in all cases at its own expense unless otherwise agreed and the Issuer shall have no responsibility therefor.

United States

The Beneficiary Shares have not been, and will not be, registered under the Securities Act and trading in the Beneficiary Shares has not been, and will not be, approved by the US Commodity Futures Trading Commission under the US Commodity Exchange Act, as amended. No Beneficiary Shares shall be issued by the Issuer to or may be offered or sold, directly or indirectly, in the United States or to or for the account or benefit of any US Person or transferred to or beneficially owned by any US Person, and each purchaser of Beneficiary Shares offered hereby or an interest therein will be deemed to have represented and agreed that it is not a US Person or purchasing for the account of a US Person.

The Debt Instruments have not been, and will not be, registered under the Securities Act and trading in the Debt Instruments has not been, and will not be, approved by the US Commodity Futures Trading Commission under the US Commodity Exchange Act, as amended. The Debt Instruments may not be offered or sold in or into the United States or to, or for the account or benefit of, US Persons unless the Debt Instruments are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. The Issuer will not be registered under the Investment Company Act. Debt Instruments or beneficial interests in Debt Instruments may only be offered, sold or transferred in accordance with the transfer restrictions set out in the legend on such Debt Instruments. Each purchaser of Debt Instruments offered hereby or an interest therein will be deemed to have represented and agreed as set forth in the legend included in such Debt Instrument. Debt Instruments in bearer form are subject to US tax law requirements.

The Debt Instruments are being offered and sold in the United States or to, or for the account or benefit of, US Persons, exclusively to QIBs that are also QPs. Resales of Debt Instruments in the United States may only be made to QIBs that are also QPs in transactions pursuant to, and meeting the requirements of, Rule 144A. Each purchaser of Debt Instruments offered and sold in the United States or to, or for the account or benefit of, US Persons under Rule 144A is hereby

notified that the offer and sale of such Instruments to it is being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

Each purchaser of Debt Instruments offered hereby or an interest therein in the United States or who is, or is purchasing for the account or benefit of, a US Person will be deemed to have represented and agreed that it (a) is a QIB that is also a QP; (b) is not (i) a dealer described in Rule 144A(a)(1)(ii) that owns and invests on a discretionary basis less than US\$25,000,000 in securities of issuers that are not affiliated with the dealer, (ii) a partnership, common trust fund, special trust, pension fund, retirement plan or other entity in which the partners, beneficiaries, beneficial owners or participants, as the case may be, may designate the particular investments to be made or the allocation thereof, (iii) an "investment company" excepted from the Investment Company Act pursuant to Section 3(c)(1) or Section 3(c)(7) thereof (or a foreign "investment company" under Section 7(d) thereof relying on Section 3(c)(1) or Section 3(c)(7) thereof with respect to its US holders) and formed on or prior to April 30, 1996, that has not received the consent of each of its beneficial owners with respect to its treatment as a QP in the manner required by Section 2(a)(51)(C) of the Investment Company Act and the rules thereunder, (iv) acting as a "swap" counterparty or any other type of intermediary whereby any other party is acquiring an economic or beneficial interest in the Debt Instruments, or (v) an entity that will have invested more than 40 per cent. of its assets in the securities of the Issuer subsequent to the purchase of the Debt Instruments; (c) was not formed for the purpose of investing in the Debt Instruments; (d) will hold at least the Minimum Denomination of the Debt Instruments and will not, throughout the period it holds the Debt Instruments, engage in any transaction such that its interest (or the interest of any transferee) in respect of the Debt Instruments consists of less than such Minimum Denomination; (e) understands that the Issuer may receive a list of participants holding positions in the Debt Instruments from one or more book-entry depositories; (f) will provide notice of applicable transfer restrictions to any subsequent transferee; (g) is purchasing for its own account or for the accounts of one or more other persons each of whom meets all of the requirements of these subclauses (a) through (g); and (h) agrees that it will not reoffer, resell, pledge or otherwise transfer any Debt Instrument or any interest in any Debt Instrument to any transferee except to a transferee that: (i) meets all of the requirements of subclauses (a) through (g) above, and (ii) agrees not to subsequently transfer any Debt Instrument or any interest in any Debt Instrument except in accordance with this subclause (h).

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Beneficiary Shares and Debt Instruments outside the United States to non-US Persons, for the private placement of the Debt Instruments in the United States and, if so specified in the relevant Final Terms for the Instruments, on the Luxembourg Stock Exchange and/or any other stock exchange. The Issuer reserves, the Arranger and relevant Dealer will reserve, the right to reject any offer to purchase, in whole or in part, for any reason or to sell less than the principal amount of Instruments which may be offered pursuant to Rule 144A or another exemption from registration under the Securities Act.

Restricted Global Debt Instruments

Each Restricted Global Debt Instrument and each Rule 144A Global Receipt will bear a legend to the following effect, and upon the initial purchase or any subsequent transfer of an interest in a Restricted Global Debt Instrument in the United States or to or for the account or benefit of a US Person, each purchaser will be deemed to have represented and agreed as set out in the following legend:

"THE SECURITIES REPRESENTED BY THIS GLOBAL SECURITY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**) AND TRADING IN THE SECURITIES HAS NOT BEEN, AND WILL NOT BE, APPROVED BY THE US COMMODITY FUTURES TRADING COMMISSION UNDER THE US COMMODITY EXCHANGE ACT, AS AMENDED. IN ADDITION, THE ISSUER HEREOF HAS NOT BEEN AND WILL NOT BE REGISTERED

AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE **INVESTMENT COMPANY ACT**) AND NO TRANSFER OF THIS SECURITY OR ANY INTEREST HEREIN MAY BE MADE IF SUCH TRANSFER WOULD REQUIRE REGISTRATION OF THE ISSUER HEREOF AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT. NEITHER THIS SECURITY NOR ANY INTEREST HEREIN MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A TRANSFEREE WHOM THE SELLER REASONABLY BELIEVES TO BE BOTH A QUALIFIED INSTITUTIONAL BUYER (**QIB**) (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) AND A QUALIFIED PURCHASER (**QP**) (AS SUCH TERM IS DEFINED IN THE INVESTMENT COMPANY ACT OR (2) OTHERWISE TO A TRANSFEREE THAT IS A NON-US PERSON IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATIONS UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION AND IN COMPLIANCE WITH THE PROVISIONS OF THE SERIES INSTRUMENT PURSUANT TO WHICH THE SECURITY WAS ISSUED.

BENEFICIAL INTERESTS IN THE SECURITIES MUST BE IN THE MINIMUM DENOMINATION OF US\$100,000.

THE HOLDER HEREOF, BY PURCHASING THE SECURITIES IN RESPECT OF WHICH THIS GLOBAL SECURITY IS ISSUED (OR ANY BENEFICIAL INTEREST OR PARTICIPATION HEREIN) ON ITS OWN BEHALF AND ON BEHALF OF ANY ACCOUNT FOR WHICH IT IS PURCHASING THIS GLOBAL SECURITY OR ANY BENEFICIAL INTEREST OR PARTICIPATION HEREIN (1) REPRESENTS FOR THE BENEFIT OF THE ISSUER AND FOR ANY AGENT OR SELLER WITH RESPECT TO SUCH SECURITIES THAT IT IS THE SOLE BENEFICIAL OWNER OF THE SECURITIES REPRESENTED HEREBY OR IS PURCHASING SUCH SECURITIES FOR ONE OR MORE ACCOUNTS MAINTAINED BY IT OR OVER WHICH IT EXERCISES SOLE INVESTMENT DISCRETION AND THAT IT AND ANY SUCH ACCOUNT ARE (OR ARE HOLDING SUCH SECURITIES FOR THE BENEFIT OF PERSONS WHO ARE) NOT (A) (I) A DEALER DESCRIBED IN RULE 144A(A)(1)(II) THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN US\$25,000,000 IN SECURITIES OF ISSUERS THAT ARE NOT AFFILIATED WITH THE DEALER, (II) A PARTNERSHIP, COMMON TRUST FUND, SPECIAL TRUST, PENSION FUND, RETIREMENT PLAN OR OTHER ENTITY IN WHICH THE PARTNERS, BENEFICIARIES, BENEFICIAL OWNERS OR PARTICIPANTS, AS THE CASE MAY BE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE OR THE ALLOCATION THEREOF, (III) AN "INVESTMENT COMPANY" EXCEPTED FROM THE INVESTMENT COMPANY ACT PURSUANT TO SECTION 3(C)(1) OR SECTION 3(C)(7) THEREOF (OR A FOREIGN "INVESTMENT COMPANY" UNDER SECTION 7(D) THEREOF RELYING ON SECTION 3(C)(1) OR SECTION 3(C)(7) THEREOF WITH RESPECT TO ITS US HOLDERS) AND FORMED ON OR PRIOR TO APRIL 30, 1996, THAT HAS NOT RECEIVED THE CONSENT OF EACH OF ITS BENEFICIAL OWNERS WITH RESPECT TO ITS TREATMENT AS A QP IN THE MANNER REQUIRED BY SECTION 2(A)(51)(C) OF THE INVESTMENT COMPANY ACT AND THE RULES THEREUNDER, (IV) ACTING AS A "SWAP" COUNTERPARTY OR ANY OTHER TYPE OF INTERMEDIARY WHEREBY ANY OTHER PARTY IS ACQUIRING AN ECONOMIC OR BENEFICIAL INTERESTS IN THE SECURITIES BEING ACQUIRED OR (V) AN ENTITY THAT WILL HAVE INVESTED MORE THAN 40% OF ITS ASSETS IN THE SECURITIES OF THE ISSUER SUBSEQUENT TO THE PURCHASE OF THE SECURITIES; OR (B) FORMED FOR THE PURPOSE OF INVESTING IN THE SECURITIES; (2) ACKNOWLEDGES THAT SUCH SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED, SOLD, RESOLD OR DELIVERED IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM SUCH ACT IN ACCORDANCE WITH THE TERMS HEREOF; (3) WILL HOLD AT LEAST THE

MINIMUM DENOMINATION OF ANY SECURITIES REPRESENTED BY THIS RESTRICTED GLOBAL SECURITY AND WILL NOT, THROUGHOUT THE PERIOD IT HOLDS ANY SECURITIES REPRESENTED BY A RESTRICTED GLOBAL SECURITY, ENGAGE IN ANY TRANSACTION SUCH THAT ITS INTEREST (OR THE INTEREST OF ANY TRANSFEREE) IN RESPECT OF SECURITIES REPRESENTED BY A RESTRICTED GLOBAL SECURITY CONSISTS OF LESS THAN SUCH MINIMUM DENOMINATION, (4) UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN A RESTRICTED GLOBAL SECURITY FROM ONE OR MORE BOOK-ENTRY DEPOSITARIES; (5) AGREES TO NOTIFY ANY SUBSEQUENT TRANSFEREE OF THE TRANSFER RESTRICTIONS SET OUT HEREIN AND THAT IT WILL BE A CONDITION TO SUCH TRANSFER THAT THE TRANSFEREE WILL BE DEEMED TO MAKE THE REPRESENTATIONS SET OUT HEREIN; AND (6) AGREES THAT IT WILL NOT REOFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER ANY SECURITY OR ANY INTEREST IN ANY SECURITY TO ANY TRANSFEREE EXCEPT TO A TRANSFEREE THAT (I) MEETS ALL OF THE REQUIREMENTS OF SUBCLAUSES (1) THROUGH (5) ABOVE AND (II) AGREES NOT TO SUBSEQUENTLY TRANSFER ANY SECURITY OR ANY INTEREST IN ANY SECURITY EXCEPT IN ACCORDANCE WITH THIS SUBCLAUSE (6).

THE HOLDER ACKNOWLEDGES THAT THE PURPOSE OF THE FOREGOING LIMITATION IS, IN PART, TO ENSURE THAT THE ISSUER IS NOT REQUIRED TO REGISTER UNDER THE INVESTMENT COMPANY ACT. ANY TRANSFER OF SECURITIES REPRESENTED BY THIS GLOBAL SECURITY TO A US PERSON THAT IS NOT BOTH A QIB AND A QP AT THE TIME OF SUCH TRANSFER SHALL BE DEEMED TO BE VOID AB INITIO AND OF NO LEGAL EFFECT WHATSOEVER, ANY SUCH TRANSFEREE SHALL BE DEEMED NOT TO BE THE HOLDER OF SUCH SECURITIES FOR ANY PURPOSE, INCLUDING BUT NOT LIMITED TO THE RECEIPT OF INTEREST ON A RESTRICTED GLOBAL SECURITY OR ANY INTERESTS THEREIN, OR DIVIDENDS ON A RESTRICTED SHARE, AND SUCH TRANSFEREE SHALL BE DEEMED TO HAVE NO INTEREST WHATSOEVER IN SUCH SECURITIES. IF ANY INTEREST IN THIS GLOBAL SECURITY IS HELD IN VIOLATION OF THE APPLICABLE TRANSFER RESTRICTIONS, THE ISSUER SHALL HAVE THE RIGHT AT ANY TIME, TO PERMIT THE ISSUER TO AVOID REGISTRATION UNDER THE INVESTMENT COMPANY ACT, AT THE EXPENSE AND RISK OF THE HOLDER OF ANY SECURITIES HELD BY OR ON BEHALF OF A US PERSON THAT IS NOT BOTH A QIB AND A QP AT THE TIME IT PURCHASES SUCH SECURITIES TO (I) REDEEM SUCH SECURITIES, IN WHOLE OR IN PART, OR (II) REQUIRE SUCH HOLDER TO SELL SUCH SECURITIES TO A QIB THAT IS ALSO A QP OR TO A NON-US PERSON OUTSIDE THE UNITED STATES.

UNLESS OTHERWISE SPECIFIED IN THE RELEVANT FINAL TERMS, EACH PURCHASER OR HOLDER OF THE SECURITIES REPRESENTED BY THIS GLOBAL SECURITY SHALL BE DEEMED TO HAVE REPRESENTED BY SUCH PURCHASE AND/OR HOLDING THAT IT IS NOT A BENEFIT PLAN INVESTOR, IS NOT USING THE ASSETS OF A BENEFIT PLAN INVESTOR TO ACQUIRE SUCH SECURITIES, AND SHALL NOT AT ANY TIME HOLD SUCH SECURITIES FOR OR ON BEHALF OF A BENEFIT PLAN INVESTOR. THE TERM **BENEFIT PLAN INVESTOR** MEANS (I) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE US EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED, (**ERISA**)), WHETHER OR NOT SUBJECT TO ERISA, (II) A PLAN DESCRIBED IN SECTION 4975(e)(1) OF THE US INTERNAL REVENUE CODE OF 1986, AS AMENDED OR (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY UNDER US DEPARTMENT OF LABOR REGULATIONS § 2510.3-101 (29 C.F.R. § 2510.3-101).

ANY TRANSFER OF ANY INTEREST IN THIS GLOBAL SECURITY TO A BENEFIT PLAN INVESTOR IN VIOLATION OF THIS LEGEND SHALL BE DEEMED TO BE VOID AB INITIO AND OF NO LEGAL EFFECT WHATSOEVER, ANY SUCH TRANSFEREE SHALL BE DEEMED NOT TO BE THE HOLDER OF THE RELEVANT SECURITIES FOR ANY PURPOSE, INCLUDING BUT NOT LIMITED TO THE RECEIPT OF INTEREST ON A RESTRICTED GLOBAL SECURITY OR ANY INTERESTS THEREIN, OR DIVIDENDS ON A RESTRICTED SHARE, AND SUCH TRANSFEREE SHALL BE DEEMED TO HAVE NO INTEREST WHATSOEVER IN SUCH SECURITIES. IF ANY INTEREST IN THIS GLOBAL SECURITY IS HELD BY OR ON BEHALF OF A BENEFIT PLAN INVESTOR IN VIOLATION OF THIS LEGEND, THE ISSUER SHALL HAVE THE RIGHT AT ANY TIME, AT THE EXPENSE AND RISK OF THE HOLDER OF SUCH INTEREST, TO (I) REDEEM SUCH SECURITIES, IN WHOLE OR IN PART, OR (II) REQUIRE SUCH HOLDER TO SELL SUCH SECURITIES TO A QIB THAT IS ALSO A QP OR TO A NON-US PERSON OUTSIDE THE UNITED STATES, IN EACH CASE TO A TRANSFEREE THAT IS NOT A BENEFIT PLAN INVESTOR.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE SECURITIES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

EACH HOLDER OF THIS GLOBAL SECURITY OR AN INTEREST HEREIN ACKNOWLEDGES THAT IT IS PURCHASING THE SECURITIES REPRESENTED BY THIS GLOBAL SECURITY OR SUCH INTEREST FOR A BONA FIDE BUSINESS PURPOSE AND ITS INVESTMENT IN SUCH SECURITIES OR INTEREST IS CONSISTENT WITH ITS OVERALL INVESTMENT STRATEGY.

EACH HOLDER OF THIS GLOBAL SECURITY OR AN INTEREST HEREIN AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

AS USED HEREIN, THE TERMS **OFFSHORE TRANSACTION** AND **US PERSON** HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATION S UNDER THE SECURITIES ACT."

Reg S Global Debt Instruments

Each Reg S Global Debt Instrument and Reg S Global Receipt will bear a legend to the following effect, and upon the initial purchase or any subsequent transfer of an interest in a Reg S Global Debt Instrument, each purchaser will be deemed to have represented and agreed as set out in the following legend:

"THE SECURITIES REPRESENTED BY THIS GLOBAL SECURITY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**) AND TRADING IN THE SECURITIES HAS NOT BEEN, AND WILL NOT BE, APPROVED BY THE US COMMODITY FUTURES TRADING COMMISSION UNDER THE US COMMODITY EXCHANGE ACT, AS AMENDED. IN ADDITION, THE ISSUER HEREOF HAS NOT BEEN AND WILL NOT BE REGISTERED AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE **INVESTMENT COMPANY ACT**) AND NO TRANSFER OF THIS SECURITY OR ANY INTEREST HEREIN MAY BE MADE IF SUCH TRANSFER WOULD REQUIRE REGISTRATION OF THE ISSUER HEREOF AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT. NEITHER THIS SECURITY NOR ANY INTEREST HEREIN MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A TRANSFEREE WHOM THE SELLER REASONABLY BELIEVES TO BE BOTH A "QUALIFIED INSTITUTIONAL BUYER" (**QIB**) (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT, AND A

"QUALIFIED PURCHASER" (**QP**) (AS SUCH TERM IS DEFINED IN THE INVESTMENT COMPANY ACT) WHO TAKES DELIVERY THROUGH AN INTEREST IN A RESTRICTED GLOBAL SECURITY; OR (2) OTHERWISE TO A TRANSFEREE THAT IS A NON-US PERSON IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATIONS UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION AND IN COMPLIANCE WITH THE PROVISIONS OF THE SERIES INSTRUMENT PURSUANT TO WHICH THE SECURITY WAS ISSUED.

ANY TRANSFER OF SECURITIES REPRESENTED BY THIS GLOBAL SECURITY PURSUANT TO CLAUSE (1) ABOVE MADE IN VIOLATION OF THE APPLICABLE TRANSFER RESTRICTIONS SHALL BE DEEMED TO BE VOID AB INITIO AND OF NO LEGAL EFFECT WHATSOEVER, ANY SUCH TRANSFEREE SHALL BE DEEMED NOT TO BE THE HOLDER OF SUCH SECURITIES FOR ANY PURPOSE, AND SUCH TRANSFEREE SHALL BE DEEMED TO HAVE NO INTEREST WHATSOEVER IN SUCH SECURITIES. THE ISSUER SHALL HAVE THE RIGHT AT ANY TIME TO PERMIT THE ISSUER TO AVOID REGISTRATION UNDER THE INVESTMENT COMPANY ACT, AT THE EXPENSE AND RISK OF THE HOLDER OF ANY SECURITIES HELD BY OR ON BEHALF OF A US PERSON WHO IS NOT BOTH A QIB AND A QP AT THE TIME IT PURCHASES SUCH SECURITIES TO (I) REDEEM SUCH SECURITIES, IN WHOLE OR IN PART, OR (II) REQUIRE SUCH HOLDER TO SELL SUCH SECURITIES TO A QIB WHO IS ALSO A QP OR TO A NON-US PERSON OUTSIDE THE UNITED STATES.

UNLESS OTHERWISE SPECIFIED IN THE RELEVANT FINAL TERMS, EACH PURCHASER OR HOLDER OF THE SECURITIES REPRESENTED BY THIS GLOBAL SECURITY SHALL BE DEEMED TO HAVE REPRESENTED BY SUCH PURCHASE AND/OR HOLDING THAT IT IS NOT A BENEFIT PLAN INVESTOR, IS NOT USING THE ASSETS OF A BENEFIT PLAN INVESTOR TO ACQUIRE SUCH SECURITIES, AND SHALL NOT AT ANY TIME HOLD SUCH SECURITIES FOR OR ON BEHALF OF A BENEFIT PLAN INVESTOR. THE TERM **BENEFIT PLAN INVESTOR** MEANS (I) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE US EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED, (**ERISA**)), WHETHER OR NOT SUBJECT TO ERISA, (II) A PLAN DESCRIBED IN SECTION 4975(e)(1) OF THE US INTERNAL REVENUE CODE OF 1986, AS AMENDED OR (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLANS INVESTMENT IN THE ENTITY UNDER US DEPARTMENT OF LABOR REGULATIONS § 2510.3-101 (29 C.F.R. § 2510.3-101).

ANY TRANSFER OF ANY INTEREST IN THIS GLOBAL SECURITY TO A BENEFIT PLAN INVESTOR IN VIOLATION OF THIS LEGEND SHALL BE DEEMED TO BE VOID AB INITIO AND OF NO LEGAL EFFECT WHATSOEVER, ANY SUCH TRANSFEREE SHALL BE DEEMED NOT TO BE THE HOLDER OF THE RELEVANT SECURITIES FOR ANY PURPOSE, INCLUDING BUT NOT LIMITED TO THE RECEIPT OF INTEREST ON A RESTRICTED GLOBAL SECURITY OR ANY INTERESTS THEREIN, OR DIVIDENDS ON A RESTRICTED SHARE, AND SUCH TRANSFEREE SHALL BE DEEMED TO HAVE NO INTEREST WHATSOEVER IN SUCH SECURITIES. IF ANY INTEREST IN THIS GLOBAL SECURITY IS HELD BY OR ON BEHALF OF A BENEFIT PLAN INVESTOR IN VIOLATION OF THIS LEGEND, THE ISSUER SHALL HAVE THE RIGHT AT ANY TIME, AT THE EXPENSE AND RISK OF THE HOLDER OF SUCH INTEREST, TO (I) REDEEM SUCH SECURITIES, IN WHOLE OR IN PART, OR (II) REQUIRE SUCH HOLDER TO SELL SUCH SECURITIES TO A QIB WHO IS ALSO A QP OR TO A NON-US PERSON OUTSIDE THE UNITED STATES, IN EACH CASE TO A TRANSFEREE WHO IS NOT A BENEFIT PLAN INVESTOR.

EACH HOLDER OF THIS GLOBAL SECURITY OR AN INTEREST HEREIN ACKNOWLEDGES THAT IT IS PURCHASING THE SECURITIES REPRESENTED BY THIS GLOBAL SECURITY OR SUCH INTEREST FOR A BONA FIDE BUSINESS

PURPOSE AND ITS INVESTMENT IN SUCH SECURITIES OR INTEREST IS CONSISTENT WITH ITS OVERALL INVESTMENT STRATEGY.

EACH HOLDER OF THIS GLOBAL SECURITY OR AN INTEREST HEREIN AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

AS USED HEREIN, THE TERMS **OFFSHORE TRANSACTION** AND **US PERSON** HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATIONS UNDER THE SECURITIES ACT."

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT SELLERS OF THE DEBT INSTRUMENTS MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 3 OF THE SECURITIES ACT APPROVED BY RULE 144A.

Each purchaser of Reg S Global Debt Instruments and each subsequent purchaser of Reg S Global Debt Instruments in resales (A) in the case of (1), (2) and (3) below, prior to the expiration of the 40-day distribution compliance period, and (B) in the case of (4) and (5) below, throughout the period that it holds such Debt Instrument, by accepting delivery of this Prospectus and the Reg S Debt Instruments, will be deemed to have represented, agreed and acknowledged that:

- (1) It is, or at the time Reg S Global Debt Instruments are purchased will be, the beneficial owner of such Reg S Global Debt Instruments and (a) it is not a US Person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate.
- (2) It understands that the Reg S Global Debt Instruments have not been and will not be registered under the Securities Act and, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Debt Instruments except (a) in accordance with Rule 144A in an amount of not less than the Minimum Amount to a person that it and any person acting on its behalf reasonably believes is a QIB that is also a QP purchasing for its own account or the account of a QIB that is also a QP each of which is purchasing not less than the Minimum Amount of Debt Instruments or (b) in an offshore transaction in accordance with Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.
- (3) It understands and acknowledges that its purchase and holding of such Debt Instruments constitutes a representation and agreement by it that by its purchase and holding of such Debt Instruments or any interest therein, the purchaser and/or holder thereof and each transferee will be deemed to have represented and warranted at the time of its purchase and throughout the period that it holds such Debt Instrument or interest therein, that (1) it is not (i) a Benefit Plan Investor (as defined in the Plan Assets Regulation) or (ii) a governmental plan or church plan that is subject to any federal, state or local law that is substantially similar to the provisions of section 406 of ERISA or section 4975 of the Code or any entity whose assets are treated as assets of any such Plan, and (2) it will not sell or otherwise transfer any such note or interest to any person without first obtaining these same foregoing representations and warranties.
- (4) It acknowledges that the Issuer, the Registrar, the Arranger and their affiliates and others will rely upon the truth and accuracy of the above acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Debt Instruments is no longer accurate, it shall promptly notify the Issuer, the Trustee and the Arranger. If it is acquiring any Debt Instruments as a fiduciary or

agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the above acknowledgements, representations and agreements on behalf of each account.

Beneficiary Shares

Each Beneficiary Share will bear a legend to the following effect, and upon the initial purchase or any subsequent transfer of an interest in a Beneficiary Share, each purchaser will be deemed to have represented and agreed as set out in the following legend:

"THE BENEFICIARY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**) AND TRADING IN THE BENEFICIARY SHARES HAS NOT BEEN, AND WILL NOT BE, APPROVED BY THE US COMMODITY FUTURES TRADING COMMISSION UNDER THE US COMMODITY EXCHANGE ACT, AS AMENDED. NEITHER THIS BENEFICIARY SHARE NOR ANY INTEREST HEREIN MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT TO A TRANSFEREE THAT IS A NON-US PERSON IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATIONS UNDER THE SECURITIES ACT AND APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION AND IN COMPLIANCE WITH THE PROVISIONS OF THE ARTICLES PURSUANT TO WHICH THE SECURITY WAS ISSUED.

IF THIS BENEFICIARY SHARE OR ANY INTEREST HEREIN IS HELD BY OR ON BEHALF OF A US PERSON IN VIOLATION OF THE APPLICABLE TRANSFER RESTRICTIONS, THE ISSUER SHALL HAVE THE RIGHT AT ANY TIME, AT THE EXPENSE AND RISK OF THE HOLDER OF ANY BENEFICIARY SHARES HELD BY OR ON BEHALF OF A US PERSON, TO REQUIRE SUCH HOLDER TO SELL SUCH BENEFICIARY SHARES TO A NON-US PERSON OUTSIDE THE UNITED STATES.

UNLESS OTHERWISE SPECIFIED IN THE RELEVANT FINAL TERMS, EACH PURCHASER OR HOLDER OF THIS BENEFICIARY SHARE OR ANY INTEREST HEREIN SHALL BE DEEMED TO HAVE REPRESENTED BY SUCH PURCHASE AND/OR HOLDING THAT IT IS NOT A BENEFIT PLAN INVESTOR, IS NOT USING THE ASSETS OF A BENEFIT PLAN INVESTOR TO ACQUIRE SUCH BENEFICIARY SHARES, AND SHALL NOT AT ANY TIME HOLD SUCH BENEFICIARY SHARES FOR OR ON BEHALF OF A BENEFIT PLAN INVESTOR. THE TERM **BENEFIT PLAN INVESTOR** MEANS (I) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE US EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED, (**ERISA**)), WHETHER OR NOT SUBJECT TO ERISA, (II) A PLAN DESCRIBED IN SECTION 4975(e)(1) OF THE US INTERNAL REVENUE CODE OF 1986, AS AMENDED OR (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY UNDER US DEPARTMENT OF LABOR REGULATIONS § 2510.3-101 (29 C.F.R. § 2510.3-101).

IF ANY INTEREST IN THIS BENEFICIARY SHARE IS HELD BY OR ON BEHALF OF A BENEFIT PLAN INVESTOR IN VIOLATION OF THIS LEGEND, THE ISSUER SHALL HAVE THE RIGHT AT ANY TIME, AT THE EXPENSE AND RISK OF THE HOLDER OF SUCH INTEREST, TO REQUIRE SUCH HOLDER TO SELL SUCH BENEFICIARY SHARES TO A NON-US PERSON OUTSIDE THE UNITED STATES WHO IS NOT A BENEFIT PLAN INVESTOR.

AS USED HEREIN, THE TERMS **OFFSHORE TRANSACTION** AND **US PERSON** HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATIONS UNDER THE SECURITIES ACT."

Bearer Debt Instruments

Bearer Debt Instruments are subject to US 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 US tax regulations. Terms used in this paragraph have the meanings given to them by the Internal Revenue Code and regulations thereunder.

Any Bearer Debt Instruments that are offered, sold or transferred outside the United States, in offshore transactions pursuant to Regulation S under the Securities Act will be issued in the form of a Permanent Bearer Global Debt Instrument. Bearer Debt Instruments which are represented by a Bearer Global Debt Instrument that is deposited with the Clearing Agent or its depositary or custodian will be issued in compliance with the TEFRA D rules. Each Permanent Bearer Global Debt Instrument will bear a legend to the following effect if the Bearer Debt Instruments have an initial maturity of 365 days or more:

"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.

Each Permanent Bearer Global Debt Instrument will bear a legend to the following effect if the Debt Instruments have a maturity of not more than one year from their date of issue:

"THIS SECURITY RELATES TO SECURITIES WITH A MATURITY OF NOT MORE THAN ONE YEAR FROM THE DATE OF ISSUE. BY ACCEPTING THIS OBLIGATION THE HOLDER REPRESENTS AND WARRANTS THAT IT IS NOT A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE AND REGULATIONS THEREUNDER) AND THAT IT IS NOT ACTING FOR OR ON BEHALF OF A UNITED STATES PERSON (OTHER THAN AN EXEMPT RECIPIENT DESCRIBED IN SECTION 6049(b)(4) OF THE INTERNAL REVENUE CODE AND REGULATIONS THEREUNDER)."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, Receipts or 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, Receipts or Coupons.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), the Arranger has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Instruments to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Instruments to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Instruments which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;

- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Instruments to the public” in relation to any Instruments in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Instruments to be offered so as to enable an investor to decide to purchase or subscribe the Instruments, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

The Arranger has represented and agreed that:

- (a) in relation to any Instruments 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 Instruments 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 Instruments 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 an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Instruments in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Instruments in, from or otherwise involving the United Kingdom.

The Grand Duchy of Luxembourg

In relation to the Grand Duchy of Luxembourg (**Luxembourg**), which has implemented the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading (the **Prospectus Directive**) by the Luxembourg act dated 10 July 2005 relating to prospectuses for securities (the **Prospectus Act 2005**), the Arranger has represented and agreed that it has not made and will not make an offer of Instruments to the public in Luxembourg, except that it may make an offer of Instruments to the public in Luxembourg:

- (a) in the period beginning on the date of publication of a prospectus in relation to those Instruments which has been approved by the *Commission de surveillance du secteur financier* (the **CSSF**), as competent authority in Luxembourg or, where appropriate, approved in another Member State of the European Economic Area which has implemented the Prospectus Directive and notified to the CSSF, all in accordance with the Prospectus Directive and ending on the date which is twelve months after the date of such publication;
- (b) at any, time, to legal entities which are authorised or regulated to operate in the financial markets (including, credit institutions, investment firms, other authorised or regulated financial institutions, insurance companies, undertakings for collective investment and their management companies, pension and retirement funds and their management companies, commodity dealers as well as entities not so authorised or regulated whose corporate purpose is solely to invest in securities);
- (c) at any time, to national and regional governments, central banks, international and supranational institutions (such as the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organisations);
- (d) at any time, to any legal entities which have two or more of (i) an average number of employees during the financial year of at least 250, (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than €50,000,000, as shown in their last annual or consolidated accounts;
- (e) at any time, to certain natural persons or small and medium-sized enterprises (as defined in the Prospectus Act 2005) recorded in the register of natural persons or small and medium-sized enterprises considered as qualified investors as held by the CSSF; and
- (f) at any time, in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to article 5 of the Prospectus Act 2005.

For the purposes of this provision, the expression an “offer of Instruments to the public” in relation to any Instruments in Luxembourg means the communication in any form by any means of sufficient information on the terms of the offer and the Instruments to be offered so as to enable an investor to decide to purchase or subscribe to the relevant Instruments.

Switzerland

Instruments may not be publicly offered or sold in or from Switzerland, and neither the Prospectus nor any other offering material relating to the Instruments may be distributed or otherwise made available in connection with any such offering or sale. Instruments may only be offered or sold and this Prospectus may only be distributed, or otherwise made available in Switzerland on a private placement basis to a limited number of investors without any public offering.

This Prospectus does not constitute a prospectus in the sense of Art. 1156 of the Swiss Federal Code of Obligations or Art. 32 et seq. of the Listing Rules of the SWX Swiss Exchange, nor does it have to comply with the Directive for Notes of Foreign Borrowers of the Swiss Bankers Association.

Spain

The Arranger has acknowledged that the Instruments may not be offered or sold in Spain by means of a public offer as defined and construed by Article 30 bis of Law 24/1988 of 28th July on the Spanish Securities Market (as amended by Law 37/1998, of 16th November and Royal Decree Law 5/2005, of 11th March, among others), and any regulations developing it which may be in force from time to time, but may be offered or sold in Spain in compliance with the

requirements of such Law 24/1988 (as amended) and any regulations developing it which may be in force from time to time

Italy

The offering of the Instruments has not been cleared by CONSOB (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, no Instruments may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Instruments be distributed in the Republic of Italy, except:

- (a) to professional investors (*operatori qualificati*), as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of 1st July, 1998, as amended; or
- (b) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of 24th February, 1998 (the Financial Services Act) and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14th May, 1999, as amended.

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

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act and Legislative Decree No. 385 of 1st September, 1993 (the Banking Act); and
- (ii) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the issue or the offer of securities in the Republic of Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy depending, *inter alia*, on the aggregate value of the securities issued or offered in the Republic of Italy and their characteristics; and
- (iii) in compliance with any other applicable laws and regulations.

GENERAL INFORMATION

- (1) This Prospectus was presented to the Board and approved by a resolution of the Board passed on 2nd September, 2005. The issue of each Series of Instruments will be authorised by a separate resolution of the Board.
- (2) Save as disclosed in this Prospectus, there has been no significant change in the financial or trading position of the Issuer, and no material adverse change in the financial position or prospects of the Issuer in each case, since its incorporation on 8th September, 2004.
- (3) Save as disclosed in this Prospectus, 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 since its incorporation, a significant effect on the financial position or profitability of the Issuer.
- (4) Application has been made in accordance with the *Loi relative aux prospectus pour valeurs mobilières* which implements Directive 2003/71/EC of the European Parliament and Council of 4th November, 2003 into Luxembourg law, for Instruments issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market pursuant to Investment Services Directive 93/22/EEC. The Luxembourg Stock Exchange has allocated the number 13200 to the Programme for listing purposes. Instruments may be issued under the Programme which are not listed or admitted to trading, as the case may be, on the Luxembourg Stock Exchange or any other stock exchange or market or Instruments may be issued which are listed or admitted to trading, as the case may be, on such other stock exchange or markets as the Issuer and the relevant Dealer(s) may agree. This Prospectus was approved by the CSSF on 2nd September, 2005.
- (5) The Instruments (other than those in definitive form) will be accepted for clearance through the Clearing Agents (which are the entities in charge of keeping the records) as specified in the relevant Final Terms. The International Securities Identification Number (ISIN), Common Code, CUSIP and CINS numbers, and PORTAL symbol (if any) for each Series of Instruments will be set out in the relevant Final Terms.
- (6) For the period of 12 months following the publication of this Prospectus, copies of the following documents (in English) will, when possible, be available for inspection free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the registered office of the Issuer and from the specified offices of the Paying Agents:
 - (i) the Articles of Association of the Issuer;
 - (ii) the Declarations of Trust;
 - (iii) this Prospectus;
 - (iv) as soon as published, any future prospectuses, offering circulars, information memoranda, Supplements and Final Terms (save that, prior to the Implementation Date, a Final Terms relating to an unlisted issue of Instruments will only be available for inspection by a holder of such Instruments and such holder must produce evidence satisfactory to the Issuer or the relevant Paying Agent, as the case may be, as to its holding of Instruments and identity) to this Prospectus and any other documents incorporated herein or therein by reference;
 - (v) the Series Instrument relating to such issue of Instruments and such documents incorporated by reference into such Series Instrument (including, for the avoidance of doubt, any Hedging Agreement or Repurchase Agreement as applicable) save that a Series Instrument and each document incorporated by reference into such

Series Instrument relating to an unlisted issue of Instruments will only be available for inspection by a holder of such Instrument and such holder must produce evidence satisfactory to the Paying Agent as to its holding of Instruments and identity);

- (vi) the published annual audited financial statements of the Issuer;
 - (vii) such other documents as may be required by the rules of any stock exchange on which any Instrument is at the relevant time listed; and
 - (viii) no later than fifteen days before any general meeting of Ordinary Shareholders:
 - (a) the balance sheet and profit and loss account;
 - (b) the list of sovereign debt, shares, bonds and other company securities comprising each Compartment;
 - (c) the list of holders of Ordinary Shares that are not paid-up, with an indication of the number of their Ordinary Shares and their domicile; and
 - (d) the report of the statutory auditors.
- (7) The Instruments have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Instruments allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Instruments are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.
- The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.
- (8) The price and amount of Instruments to be issued under the Programme will be determined by the Issuer and the Arranger at the time of issue in accordance with prevailing market conditions.
 - (9) The Issuer does not intend to provide any post-issuance information in relation to any Series of Instruments or the performance of any Collateral or Series Assets or in relation to the Underlying in respect of such Series of Instruments.
 - (10) This Prospectus and the Articles of Association of the Issuer may be consulted on the website of the Luxembourg Stock Exchange (www.bourse.lu).

INDEX OF DEFINED TERMS

There follows an index of the defined terms used in this Prospectus, together with details of the page(s) on which such term is or are defined.

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ANNEX 1
FORM OF FINAL TERMS FOR NOTES

FORM OF FINAL TERMS - NOTES

Set out below is the form of Final Terms for each Tranche of Instruments which will contain such of the following information (which may be modified in relation to any particular issue of Instruments by agreement between the Issuer, the Principal Agent and the relevant Dealer(s)) as is applicable in respect of such Instruments.

Final Terms dated [●]

PALLADIUM SECURITIES 1 S.A.

(incorporated as a public limited liability company (*société anonyme*) under the laws of the Grand Duchy of Luxembourg, registered with the Luxembourg trade and companies register under number B.103036 and subject to the Luxembourg act dated 22 March 2004 on securitisation)

[Currency] [Aggregate Nominal Amount] [Description of Instruments]
(together **Instruments**) due [Maturity]

Issue Price: [[Insert Price] per Instrument]/[[●] per cent.]

Programme for the issuance of Debt Instruments and Beneficiary Shares

PART A – CONTRACTUAL TERMS

By subscribing to, or otherwise acquiring, the Instruments, the holders of the Instruments (i) expressly accept, and shall be deemed to be bound by, the provisions of the Luxembourg act dated 22nd March, 2004 on securitisation (the **Securitisation Act 2004**) and in particular the provisions on limited recourse, no petition, subordination, waterfall and priority of payments as included in the General Conditions, the Prospectus, these Final Terms and any Supplement relating to the Instruments and (ii) expressly accept the creation of a separate compartment relating to the Instruments.

Terms used herein shall be deemed to be defined in the General Conditions set out in the Prospectus dated [●], 2005 which constitutes two base prospectuses (each a **Base Prospectus** for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**), one in respect of asset backed securities issued by the Issuer, and one in respect of warrants issued by the Issuer. This document constitutes the Final Terms of the Instruments described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the relevant Base Prospectus comprised in the Prospectus. Full information on the Issuer and the offer of the Instruments is only available on the basis of the combination of these Final Terms and the Base Prospectus (as supplemented from time to time). The Prospectus is available for viewing at [address] and [website] and copies may be obtained from [address].

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italicised text denotes directions for completing these Final Terms.]

[When adding any other final terms or information in Part A or in relation to disclosure relating to the interests of natural and legal persons involved in the issue/offer in Part B consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive, the publication of which would in turn trigger the investors' right to withdraw their acceptances within a 48-hour time period.]

[Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. [May be satisfied by the inclusion of the following statement "Save as disclosed in "Subscription and Sale", so far as the Issuer is aware, no person involved in the offer of the Instruments has an interest material to the offer."]]

- | | |
|---|--|
| 1. Issuer: | Palladium Securities 1 S.A. |
| | The Issuer is a securitisation company (<i>société de titrisation</i>) incorporated under the laws of the Grand Duchy of Luxembourg as a public limited liability company (<i>société anonyme</i>). The Issuer's activities are subject to the Securitisation Act 2004. The Issuer has received the approval (<i>agrément</i>) from the Luxembourg financial sector and stock exchange regulator, the <i>Commission de surveillance du secteur financier</i> , as a regulated securitisation company under the Securitisation Act 2004. The board of directors of the Issuer has created a separate compartment in respect of the Instruments to which all the assets and liabilities relating to the Instruments will be allocated. See paragraph 49. |
| Type of Instruments: | Notes. |
| 2. [(i)] Series Number: | [●] |
| [(ii)] Tranche Number: | [●] |
| | <i>[If fungible with an existing Series, details of that Series, including the date on which the Instruments become fungible.]</i> |
| 3. Specified Currency or Currencies: | [EUR][GBP][USD][CHF][Other] |
| 4. Aggregate Nominal Amount of Instruments being issued and (if different) Aggregate Nominal Amount of Instruments being admitted to trading: | |
| [(i)] Series: | [●] |

- [(ii) Tranche: [●]]
- [(iii) Style: [European][American]]
5. Issue Price: [[Price] per Instrument]
- [[●] per cent. of the Aggregate Nominal Amount]
- [plus accrued interest from [Date] (*in the case of fungible issues only, if applicable*)]
- [Indicate amount of any expenses and taxes specifically charged to the purchasers of the Instrument]
6. [(i) Denominations: [●]]
- [(ii) Minimum Trading Size: [USD 100,000]]
- [In the case of Instruments sold in the United States or to or for the account of U.S. Persons]
7. [(i) Issue Date: [●]]
- [(ii) Primary Market End Date: [[●] or, if such day is not a Business Day, the first succeeding Business Day;]]
8. Maturity Date: [Fixed Rate Instruments: the [●] Business Day following the last occurring Valuation Date, or, if such day is not a Payment Date, the [next following] Payment Date]
- [Details]
- [Floating Rate Instruments: *Details of Interest Payment Date falling in the relevant month and year*]
9. Interest/Payment Basis: [[●] per cent. Fixed Rate]
- [[LIBOR/EURIBOR] +/- [●] per cent. Floating Rate]
- [Zero Coupon]
- [Non-interest bearing]
- [Other]

- [Further particulars - see Schedule 2]
10. Redemption/Payment Basis: [See Schedule 2]
[Redemption at par].
11. Change of Interest or Redemption/Payment Basis: [*Details of any provision for convertibility of Instruments into another interest or redemption/payment basis*]
[None]
12. Status of the Instruments: Limited recourse.

PROVISIONS RELATING TO INTEREST

13. Fixed Rate Provisions: [Applicable - see Schedule 2]
[Not Applicable]
[*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*]
- (i) Fixed Rate: The Interest Rate is [●] per cent. per annum payable in arrear
[annually]
[semi-annually]
[quarterly]
[monthly]
- (ii) Payment Date(s): [The Interest Payment Dates are [●] in each year up to and including the Maturity Date]
[or, if any such day is not a Payment Day, the next following Payment Day]
- (iii) Fixed Amount[(s)] or Business Day Convention]*: [*For Fixed Amounts:* [The Interest Amount is described in Schedule 2]]
[*For Business Day Convention:*
[Floating Rate Business Day Convention]
[Following Business Day Convention]
[Modified Following Business Day Convention]
[Preceding Business Day Convention]]]

* Delete as applicable

- (iv) Business Day(s): [London and Luxembourg]
[and [Other]]
[for payments in euro [any day on which TARGET is open]]
[only relevant where Business Day Convention is applicable]
- (v) Day Count Fraction: [Applicable - see Schedule 2]
[Other]
- (vi) Fixed Rate Determination Date(s): The Interest Determination Dates are [●] in each year.
[Insert interest payment dates except where there are long or short periods. In these cases, insert regular interest payment dates] NB: Only relevant where Day Count Fraction is Actual/Actual (ISMA) as the interest periods will not all be equal]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Instruments: [Not Applicable]
[Details]
14. Floating Rate Provisions: [Applicable – see Schedule 2]
[Not Applicable]
[(If not applicable, delete the remaining sub-paragraphs of this paragraph. Also consider whether EUR-LIBOR-BBA or EURIBOR is the appropriate reference rate)]
- (i) Specified Period(s)/Specified Payment Dates: The Interest Payment Dates are [●] [or, if any such day is not a Payment Day, the next following Payment Day]
[Applicable - see Schedule 2]
- (ii) Business Day Convention: [Floating Rate Business Day Convention]
[Following Business Day Convention]
[Modified Following Business Convention]
[Preceding Business Day Convention]
[Other]

- (iii) Business Day(s): [London] [and] Luxembourg] [and]
[Other]
- (iv) Party responsible for calculating the Floating Rate(s) and Interest Amount(s) (if not the Agent or, as the case may be, the Registrar): The party responsible for calculating the Interest Rate(s) and Interest Amount(s) is [●]
- (v) Margin(s): [+/-][●] per cent. per annum
- (vi) Benchmark Rate: [EURIBOR (30/360)]
[LIBOR/LIBID (Actual/365)]
[HIBOR (Actual/365)]
[Other]
- (vii) Minimum Floating Rate: The Minimum Interest Rate is [●] per cent. per annum
- (viii) Maximum Floating Rate: The Maximum Interest Rate is [●] per cent. per annum
- (ix) Day Count Fraction: [Applicable - see Schedule 2]
[Other]
- (x) Determination Date(s): The Interest Determination Date in respect of each Interest Period is described in Schedule 2/ [●] in each year
[Insert regular payment dates]
[NB: Only relevant where Day Count Fraction is Actual/Actual (ISMA)]
- (xi) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Instruments, if different from those set out in the Conditions: [●]
15. Zero Coupon Provisions: [Applicable – see Schedule 2]
[Not Applicable]

PROVISIONS RELATING TO REDEMPTION

16. Final Redemption Amount: [[●] per Instrument of [●] Denomination]
- [See Schedule 1, Schedule 2 and Schedule 3]
17. Issuer Call Option: [Applicable]
- [Not Applicable]
- [If not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Valuation Date(s): [[either] the first Optional Redemption Valuation Date, being [specify date] [./or] the second Optional Redemption Valuation Date, being [specify date] [add further dates if applicable] as specified by the Issuer in the Optional Redemption Notice or, if any such date is not a Trading Day, the immediately succeeding Trading Day]
- (iii) Optional Cash Redemption Amount(s) and method, if any, of calculation of such amount(s): [see Schedule 2]
[Consider whether accrued interest is applicable]
- (iv) If redeemable in part:
- (a) Minimum Redemption Amount: [●]
- (b) Maximum Redemption Amount: [●]
- (v) Optional Redemption Period (if other than as set out in General Condition 5.3): [●]
- [NB: If setting notice periods which are different to those provided in the General Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Agent or Trustee]*
- (vi) Optional Redemption Notice: [●]
- [Insert provisions for giving such notice if different to those described in General Condition 5.3]*

18. Early Termination Amount:

(i) Early Termination Amount(s) payable on redemption following (a) the occurrence of an event of default or (b) illegality or (c) following certain events in accordance with Schedule 2 or Schedule 3, and/or the method of calculating the same (if required): [●] [less the cost to the Hedging Counterparty and/or its Affiliates of unwinding or adjusting any underlying or related hedging arrangements in respect of the Instruments]

(ii) Early Termination Amount inclusive of accrued interest: [Yes: no additional amount in respect of accrued interest to be paid]

[No: together with the Early Termination Amount, accrued interest shall be paid as an additional amount]

19. Underlying:

See Schedule 1

PROVISIONS RELATING TO SERIES ASSETS

20. (i) Collateral:

[Not Applicable/give details of Collateral including governing law, legal nature, expiry or maturity date, nominal amount, loan to value ratio or level of collateralisation, method of origination or creation, principal lending criteria and whether such criteria satisfied (in the case of Collateral which are loans or credit agreements), description of any relevant insurance policies and concentration within one insurer if material. Give name, address and significant business activities of originators of securitised assets and give general description of each obligor in the case of a small number of easily identifiable obligors or otherwise give description of general characteristics, economic environment and statistical data referred to in the Collateral, and, where all Collateral is comprised of the obligations of 5 or fewer obligors which are legal persons or where an obligor accounts for 20% or more (or other material portion) of the Collateral, so far as the issuer is aware and/or is able to ascertain from information published by the obligor(s) indicate either of the following: (a) information relating to each obligor as if it were an issuer drafting a Registration Document for debt and derivative securities with an individual

denomination of at least EUR50,000 under the Prospectus Directive; or (b) if an obligor or guarantor has securities already admitted to trading on a regulated or equivalent market or the obligations are guaranteed by an entity admitted to trading on a regulated or equivalent market, the name, address, country of incorporation, nature of business and name of the market in which its securities are admitted. Specify principal terms where a material relationship exists between the Issuer and Guarantor. Specify principal terms of Collateral which is not traded on a regulated or equivalent market. Where Collateral comprises equity securities that are traded on a regulated or equivalent market, give description of securities, market and frequency of pricing. Where more than 10 per cent. of Collateral comprises equity securities that are not traded on a regulated or equivalent market, give information equivalent to that contained in the schedule for share Registration Document under the Prospectus Directive. Where material portion of Collateral is secured on or backed by real property (other than mortgage loans where there has been no revaluation for the purpose of the Debt Instruments and it is clearly stated that valuations quoted are as at the date of the original loan origination), give valuation report relating to property setting out both valuation of the property and cash flow/income streams. Specify parameters of any investment guidelines for actively managed Collateral and give description of Collateral manager, including expertise and a summary of appointment provisions, termination provisions and details of any relationship with the Issuer. Describe method and date of sale of Collateral. Give explanation of flow of funds, how payments in respect of the assets are collected on behalf of Issuer and any other arrangements upon which payments dependent. Specify any credit enhancements and parameters (and other details) for investments temporary liquidity surpluses. Specify any subordinated debt finance]

- (ii) Eligible Securities: [Not Applicable]
[Details]
- (iii) Series Assets: [Collateral]
[Issuer's rights under Hedging Agreement dated Issue Date, Agency Agreement dated Issue Date]
[Other]
- (iv) Series Parties: [Instrumentholders]
[Trustee]
[Hedging Counterparty]
[Other]
The Series Parties expressly accept, and shall be deemed to be bound by, the provisions of the Securitisation Act 2004 and in particular the provisions on limited recourse, no petition, subordination, waterfall and priority of payments as included in the General Conditions, the Base Prospectus, these Final Terms and any Supplement
21. General Condition [6.3] (*Security*) is applicable: [Yes:
[Collateral charged to Trustee]
[Collateral charged to Trustee; additional foreign law security]
[No]
22. Replacement and/or Substitution of Collateral General Condition [6.6] (*Replacement and/or Substitution of Collateral*) is: [Applicable]
[Not Applicable]
23. Deposit Account: [Not Applicable]
[Details]
[Note – if Collateral has a maturity date or may be redeemed prior to the Maturity Date, Deposit Account should be "Applicable" and account details are necessary if account is opened in the name

of the Issuer; Deposit Account should also be "Applicable" if there are Eligible Securities as these might be redeemed prior to the Maturity Date.]

24. (i) Hedging Agreement: [Applicable]
[Not Applicable]
[Details]
- (ii) Hedging Counterparty: [Applicable]
[Not Applicable]
[Name and address and brief description]
25. (i) Repurchase Agreement: [Applicable]
[Not Applicable]
[Details]
- (ii) Repurchase Counterparty: [Applicable]
[Not Applicable]
[Details]
26. Security Ranking Basis: [Debt Instrumentholder Pari Passu basis]
[Debt Instrumentholder Priority Basis]
[Not Applicable]
27. Additional Security Document(s): [Applicable]
[Not Applicable]
[Details]

GENERAL PROVISIONS APPLICABLE TO THE INSTRUMENTS

28. Form of Instruments: [Bearer Instruments:

[Permanent Global Instrument (if sold only to non-U.S. Persons in "offshore transactions" within the meaning of Regulation S).]

[Bearer Global Instruments deposited with the Custodian Bank on behalf of the Depository Bank and evidenced by (i) in the case of Instruments sold to non-U.S. Persons in "offshore transactions" within the meaning of Regulation S, a Reg S Global

Receipt and (ii) in the case of Instruments sold in the United States, or to or for the account of U.S. Persons, a 144A Global Receipt.]]

[Registered Instruments:

[The Instruments will be represented by a [Reg S] Global Instrument (if sold only to non-U.S. Persons in "offshore transactions" within the meaning of Regulation S).] [and/or] [Restricted Global Instrument (if sold in the United States, or to or for the account of U.S. Persons)]]

29. Additional Business Day(s) or other special provisions relating to Payment Dates: [Not Applicable]
[Details]
[Note that this item relates to the place of payment, and not the interest period end date, to which items 15(iii) and 16(iii) relate]
30. Settlement: Cash Settlement
31. Settlement Currency: [Details]
32. Settlement Disruption Events: [Not Applicable]
[Applicable – see Schedule 2]
33. Notices to the Issuer: *[If General Condition 15 applies then details of delivery of notices to the Issuer]*
34. Other terms or special conditions: [Not Applicable]
[Applicable - see Schedule 1, Schedule 2 and Schedule 3]
[When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

AGENTS AND OTHER PARTIES

35. Trustee: [Deutsche Trustee Company Limited]
36. Principal Agent: [Deutsche Bank AG London]

- [Details]
37. Agent(s): [Deutsche Bank AG London]
[Details]
38. Custodian: [Not Applicable]
[Deutsche Bank Luxembourg SA]
39. Custodian Account Details: [Not Applicable]
[[Account details] at Deutsche Bank Luxembourg SA]
40. [Paying Agent: [Deutsche Bank AG London]]
[Relevant if the Instruments are listed and the rules of the relevant stock exchange require a paying agent in such jurisdiction]
41. [Listing Agent: [Details]]
42. [Custodian Bank: [Details]]
43. [Depository Bank: [Details]]
44. [Common Depository and Specified Office: [Details]]
45. [Other Parties] *[Specify details of any providers of material forms of credit/liquidity enhancement, together with any other banks with which main accounts relating to the Series are held, giving names, addresses and a brief description] [Specify Calculation Agent, including name and address, where appropriate.]*

DISTRIBUTION

46. [Application of TEFRA or TEFRA rules: [Bearer Instruments: TEFRA D restrictions applicable unless the Bearer Instrument is deposited with the Custodian Bank on behalf of the Depository Bank in accordance with the provisions permitting an issuance to US persons within the United States]

[Registered Instruments: TEFRA D rules not applicable]
47. [Total commission and concession: [●] per cent. of the Aggregate Nominal Amount]

48. Additional selling restrictions: [Not Applicable]
[Details]

MISCELLANEOUS

49. Separate Compartment: A separate compartment has been created by the board of directors of the Issuer in respect of the Instruments (the **Compartment**). The Compartment is a separate part of the Issuer's assets and liabilities. The Collateral (relating to the Instruments) is exclusively available to satisfy the rights of the holders of the Instruments (in accordance with the terms and conditions set out in these Final Terms) and the rights of the creditors whose claims have arisen at the occasion of the creation, the operation or the liquidation of the Compartment, as contemplated by articles 5.10 and 9 of the articles of incorporation of the Issuer

50. Governing Law: [English law][New York law]

[LISTING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Instruments described herein pursuant to the Programme for the issuance of Debt Instruments and Beneficiary Shares of Palladium Securities 1 S.A.]

RESPONSIBILITY

[Subject as provided below, the] [The] Issuer accepts responsibility for the information contained in these Final Terms.

[[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer:

By:
Duly authorised

[The information (the **Reference Information**) on the Underlying is more particularly described in Schedule ● to the Final Terms. The Reference Information consists only of extracts from, or summaries of, information which is publicly available. The Issuer only accepts responsibility that the Reference Information has been correctly extracted or

summarised. No further or other responsibility (express or implied) in respect of the Reference Information is accepted by the Issuer.]

Underwriting

[Include name and address of entities agreeing to underwrite the issue on a firm commitment basis, and name and address of entities agreeing to place the issue without a firm commitment or under “best efforts” arrangements, where known, together with details of the relevant purchase date of the Instruments under the relevant subscription or underwriting agreement. Where not all of the issue is underwritten, include a statement of the portion not covered.]

Secondary Trading

[Include name and address of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment.]

* To be deleted if the annex does not contain Reference Information as appropriate in relation to each Tranche.

PART B - OTHER INFORMATION

1. PRODUCT SPECIFIC RISK [See Schedule 4.] [Give description of structure including, if necessary, a structure diagram]

2. LISTING

(i) Listing: [Luxembourg/other (*specify*)/None]

(ii) Admission to trading: [Application has been made for the Instruments to be admitted to trading on with effect from .] [Not Applicable.]

[N.B. The concept of admission to trading will be Not Applicable for Instruments listed on the Professional Securities Market in Luxembourg.]

[Where documenting a fungible issue need to indicate that original securities are already admitted to trading if Instruments have denomination of less than €50,000.]

(iii) Estimate of total expenses related to admission to trading:¹

3. RATINGS

Ratings: The Instruments to be issued have been rated:

[S & P:
[Moody's:
[[Other]:

[Include here a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]²

[The above disclosure should reflect the rating allocated to Instruments issued under the Programme generally or, where the issue has been specifically rated, that rating.]

¹ Delete if the minimum denomination is less than EUR50,000.

² Delete if the minimum denomination is EUR50,000.

[4. NOTIFICATION

The CSSF [has been requested to provide/has provided]³ the [names of competent authorities of host Member States] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.]⁴

5. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Arranger, so far as the Issuer is aware, no person involved in the issue of the Instruments has an interest material to the offer.][Give name, address and significant business activities of the administrator, calculation agent or equivalent (if any) together with a summary, if applicable, of the administrator's/calculation agent's responsibilities, their relationship with the Collateral obligor and a summary of the provisions relating to termination of the appointment of such entity / provisions for appointing an alternative].

6. ESTIMATED NET PROCEEDS AND TOTAL EXPENSES⁵

(i) Estimated net proceeds: [●]

[If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here. If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.]

(ii) Estimated total expenses: [●]. [Include breakdown of expenses]

7. YIELD (Fixed Rate Instruments only)

Indication of yield: [●]

[Calculated as [include details of method of calculation in summary form] on the Issue Date.]⁶

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

8. HISTORIC INTEREST RATES (Floating Rate Instruments only)

[Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Telerate].]

³ Include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues.

⁴ This is relevant where the document is to be passported into other countries in the EEA.

⁵ Delete if the minimum denomination is EUR50,000.

⁶ Delete if the minimum denomination is EUR50,000.

9. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS

[Need to include details of where past and future performance and volatility of the index/formula can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. Where return on, and or repayment of the security is linked to the performance or credit of other assets which are not assets of the Issuer, specify as follows: Give details of relevant assets including governing law, legal nature, expiry or maturity date, nominal amount, loan to value ratio or level of collateralisation, method of origination or creation, principal lending criteria and whether such criteria satisfied (in the case of relevant assets which are loans or credit agreements), description of any relevant insurance policies and concentration within one insurer if material. Give name, address and significant business activities of originators of securitised assets and give general description of each obligor in the case of a small number of easily identifiable obligors or otherwise give description of general characteristics, economic environment and statistical data referred to in the relevant assets, and, where all relevant assets are comprised of the obligations of 5 or fewer obligors which are legal persons or where an obligor accounts for 20% or more (or other material portion) of the relevant assets, so far as the issuer is aware and/or is able to ascertain from information published by the obligor(s) indicate either of the following: (a) information relating to each obligor as if it were an issuer drafting a Registration Document for debt and derivative securities with an individual denomination of at least EUR50,000 under the Prospectus Directive; or (b) if an obligor or guarantor has securities already admitted to trading on a regulated or equivalent market or the obligations are guaranteed by an entity admitted to trading on a regulated or equivalent market, the name, address, country of incorporation, nature of business and name of the market in which its securities are admitted. Specify principal terms where a material relationship exists between the Issuer and Guarantor. Specify principal terms of relevant assets which are not traded on a regulated or equivalent market. Where relevant assets comprise equity securities that are traded on a regulated or equivalent market, give description of securities, market and frequency of pricing. Where more than 10 per cent. of relevant assets comprise equity securities that are not traded on a regulated or equivalent market, give information equivalent to that contained in the schedule for share Registration Document under the Prospectus Directive. Where material portion of relevant assets are secured on or backed by real property (other than mortgage loans where there has been no revaluation for the purpose of the Debt Instruments and it is clearly stated that valuations quoted are as at the date of the original loan origination), give valuation report relating to property setting out both valuation of the property and cash flow/income streams. Specify parameters of any investment guidelines for actively managed assets and give description of Collateral manager, including expertise and a summary of appointment provisions, termination provisions and details of any relationship with the Issuer. Specify any rights to substitute the assets and a description of the manner in which and the type of assets which may be so substituted. If there is any capacity to substitute assets with a different class or quality of assets specify to that effect together with a description of the impact of such substitution. Describe method and date of sale of relevant assets. Give explanation of flow of funds, how payments in respect of the assets are collected on behalf of Issuer and any other arrangements upon which payments dependent. Specify any credit enhancements and parameters (and other details) for investments temporary liquidity surpluses. Specify any subordinated debt finance]

10. OPERATIONAL INFORMATION

- (i) ISIN Code:
- (ii) Common Code:
- (iii) Clearing Agent: [Euroclear Bank S.A./N.V.] [and/or]
 [Clearstream Banking AG in Frankfurt am Main)] [and/or]
 [The Depository Trust Company]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any):

11. TERMS AND CONDITIONS OF THE OFFER

[Include, as applicable: (i) Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks and if reasons for the offer and use of proceeds are disclosed provide the total net proceeds and an estimate of the total expenses of the issue/offer; (ii) Conditions, offer statistics, expected timetable and action required to apply for the offer, including minimum and/or maximum subscription amounts (in number of Instruments or in the Aggregate Nominal Amount of the Instruments); possibility of reducing subscriptions (and manner for refunding excess paid if applicable); and procedure for exercise of any pre-emption rights, negotiability of subscription rights and treatment of subscription rights not exercised; (iii) Total amount of the issue/offer; if the amount is not fixed, description of the arrangements and time for announcing to the public the amount of the offer; (iv) the time period, including any possible amendments, during which the offer will be open and description of the application process; (v) method and time limits for paying up the Instruments and for delivery of the Instruments; (vi) a full description of the manner and date in which results of the offer are to be made public; (vii) the various categories of potential investors to which the Instruments are offered and if the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche; and (viii) the process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made.]

**SCHEDULE 1 TO THE FINAL TERMS
DETAILS OF THE UNDERLYING**

IF THE UNDERLYING CONSISTS OF A BASKET INSERT THE FOLLOWING:

The **Underlying** relating to the Instruments is a Basket (as defined below) comprised of the following

- [details - Shares]
- [details - Fund Shares]
- [details - Indices]
- [[details – Commodities]]
- [details - Underlying Currencies]
- [details – Debt Securities]
- [details – specify], as applicable.]

IF THERE IS A SINGLE UNDERLYING INSERT THE FOLLOWING:

The **Underlying** relating to the Instruments consists of [insert details with respect to each] [Shares][Fund Shares][Indices][Commodities][Underlying Currencies][other – specify]

IF THE UNDERLYING INCLUDES A SHARE OR SHARES (INCLUDING, WITHOUT LIMITATION, WITHIN A BASKET), INSERT THE FOLLOWING:

1. The Share or Shares means the following:

Type of Underlying	Name of Underlying	Issuer of Share	Reference Source
Share	[●]	[●]	[●]

2. Definitions relating to the Share(s):

Reference Currency is as defined in Schedule 2 or, if not, then the Settlement Currency;

Reference Source means the reference source or reference sources specified in the table describing the Share or Shares in paragraph 1 above, or any successor to such reference source, all as determined by the Calculation Agent;

Share means the or, as the case may be, each share specified in the definition of Underlying or Basket, as the case may be; and

Share Company means, with respect to a Share, the issuer specified for such Share in the definition of Underlying or Basket, as the case may be.]

IF THE UNDERLYING INCLUDES A FUND SHARE OR FUND SHARES (INCLUDING, WITHOUT LIMITATION, WITHIN A BASKET), INSERT THE FOLLOWING:

1. The Fund Share or Fund Shares means the following:

Type of Underlying	Name of Underlying	Issuer of Fund Share	Reference Source
Fund Share	[●]	[●]	[●]

2. Definitions relating to the Fund Share(s):

Administrator means, in relation to a Fund, any entity described as such in relation to the Fund in any Fund Information Document or which provides administrative, book-keeping or similar services (however described) to the Fund, all as determined by the Calculation Agent;

Fund means, with respect to a Fund Share, the issuer specified for such Fund Share in the definition of Underlying or Basket, as the case may be;

Fund Information Document means, in relation to a Fund and a Fund Share, any offering circular, prospectus, information memorandum or similar document relating to the Fund and/or Fund Share (including any document supplementing, amending or restating the same), all as determined by the Calculation Agent;

Fund Share means the (or, as the case may be, each) share specified in the definition of Underlying or Basket, as the case may be;

Inclusion Date means, in relation to a Fund which is a Fund as of the Issue Date, the Issue Date, or, in relation to any other Fund, the date that such Fund became a Fund for the purposes of the Instruments;

Manager means, in relation to a Fund, any entity described as such in relation to the Fund in any relevant Fund Information Document or which provides investment, managerial, broking or arrangement or similar services (however described) to the Fund, all as determined by the Calculation Agent;

Master Fund means, in relation to a Fund, any entity described as such in relation to the Fund in any relevant Fund Information Document or which acts as a master fund, feeder fund or umbrella fund or similar entity (however described) in relation to the Fund, all as determined by the Calculation Agent;

Reference Currency is as defined in Schedule 2 or, if not, then the Settlement Currency; and

Reference Source means the reference source or reference sources specified in the table describing the Fund Share or Fund Shares in paragraph 1 above, or any successor to such reference source, all as determined by the Calculation Agent.

[IF THE UNDERLYING INCLUDES A BASKET, INSERT THE FOLLOWING:]

1. The **Basket** comprises the assets set out in the following table:

Type of Basket Constituent	Name of Basket Constituent	Basket Constituent Percentage Weight	Reference Level determination	Sponsor or Issuer of Basket Constituent	Basket Constituent Currency	Reference Source
[●]	[●]	[●]%	[Closing/specify other]	[●]	[●]	[●]

[●]	[●]	[●]%	[Closing/sp ecify other]	[●]	[●]	[●]
[●]	[●]	[●]%	[Closing/sp ecify other]	[●]	[●]	[●]
[●]	[●]	[●]%	[Closing/sp ecify other]	[●]	[●]	[●]
[●]	[●]	[●]%	[Closing/sp ecify other]	[●]	[●]	[●]
[●]	[●]	[●]%	[Closing/sp ecify other]	[●]	[●]	[●]

2. Definitions relating to the Basket

Basket means a basket of assets as set out in paragraph 1 above;

Basket Constituent means each of the assets in the definition of Basket in paragraph 1 above, subject to adjustment in accordance with paragraph 2 below;

Basket Constituent Currency is as defined in Schedule 2 or, if not defined in Schedule 2, is the Settlement Currency;

Basket Constituent Level means in respect of any day, subject to paragraph 2 below, an amount equal to the level of the Basket Constituent determined in the manner as defined in the column Reference Level determination in the definition of Basket in paragraph 1 above, all as determined by the Calculation Agent;

Basket Constituent Weight means in relation to each Basket Constituent and subject to adjustment in accordance with paragraph 2 below, a number equal to the quotient of:

- 1) the relevant Basket Constituent Percentage Weight (as numerator); and
- 2) the Basket Constituent Level on the Initial Reference Valuation Date or, if such day is not a Trading Day, the first succeeding Trading Day (as denominator);

Basket Constituent Percentage Weight means, in relation to each Basket Constituent, a number as defined for such Basket Constituent in the column Basket Constituent Percentage Weight in the definition of Basket in paragraph 1 above;

Reference Currency is defined in Schedule 2 or, if not, then the Settlement Currency;

Reference Source means the reference source or reference sources specified in the table under the definition of Basket in the definition of Basket in Schedule 1, or any successor to such reference source, all as determined by the Calculation Agent.

[IF THE UNDERLYING INCLUDES A COMMODITY OR COMMODITIES (INCLUDING, WITHOUT LIMITATION, WITHIN A BASKET), INSERT THE FOLLOWING:]

1. The Commodity or Commodities means the following:

Type of Underlying	Name of Underlying	Issuer of Underlying	Reference Source
Commodity	[●]	[●/Not applicable]	[●]

2. Definitions relating to the Commodity(ies):

Commodity means the (or, as the case may be, each) commodity specified in the definition of Underlying or Basket, as the case may be;

Reference Currency is as defined in Schedule 2 or, if not, then the Settlement Currency; and

Reference Source means the reference source or reference sources specified in the table describing the Commodity or Commodities in paragraph 1 above, or any successor to such reference source, all as determined by the Calculation Agent.

[IF THE UNDERLYING INCLUDES A FOREIGN EXCHANGE RATE OR FOREIGN EXCHANGE RATES (INCLUDING, WITHOUT LIMITATION, WITHIN A BASKET), INSERT THE FOLLOWING:

1. The Foreign Exchange Rate means the following:

Type of Underlying	First Currency	Second Currency	Issuer of Underlying	Reference Source
Foreign Exchange Rate	[●]	[●]	Not applicable	[●]

2. Definitions relating to the Foreign Exchange Rate(s):

First Currency means the currency appearing under the heading First Currency in paragraph 1 above;

Rate of Exchange means the or, as the case may be, each rate of exchange between a pair of currencies as specified under Foreign Exchange Rate in the definition of Underlying or Basket, as the case may be;

Reference Currency is as defined in Schedule 2 or, if not, then the Settlement Currency;

Reference Source means the reference source or reference sources specified in the table describing the Foreign Exchange Rate in paragraph 1 above, or any successor to such reference source, all as determined by the Calculation Agent and

Second Currency means the second currency appearing under the heading Second Currency in paragraph 1 above.]

[IF THE UNDERLYING INCLUDES A DEBT SECURITY OR DEBT SECURITIES (INCLUDING, WITHOUT LIMITATION, WITHIN A BASKET), INSERT THE FOLLOWING:

1. The Debt Security or Debt Securities means the following:

Type of Underlying	Name of Underlying	Sponsor or Issuer of Underlying	Reference Source

[Debt Security]	[Name Debt Security etc]	[●]	[●] [Not applicable]
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2. Definitions relating to the Debt Security or Debt Securities:

Reference Currency is as defined in Schedule 2 or, if not, then the Settlement Currency;

Reference Source means the reference source or reference sources specified in the table describing the Debt Security or Debt Securities in paragraph 1 above, or any successor to such reference source, all as determined by the Calculation Agent; and

Underlying Issuer means the issuer of the Underlying as specified in the table describing the Debt Security or Debt Securities in paragraph 1 above, as determined by the Calculation Agent]

[Specify, in the case of each relevant type of Underlying outlined in this Schedule 1, where information on the relevant Underlying can be obtained, where information about the past and the further performance of the Underlying and its volatility can be obtained, (where the Underlying is a security) the name of the issuer of the security, the ISIN or other such security identification code; (where the Underlying is an index) the name of the index and a description of the index if it is composed by the issuer; (where the index is not composed by the Issuer) where information about the index can be obtained; (where the Underlying is an interest rate) a description of the interest rate; where the Underlying does not fall within the categories specified above, specify equivalent information; and (where the underlying is a basket of underlyings) give disclosure of the relevant weightings of each underlying in the basket]

SCHEDULE 2 TO THE FINAL TERMS

REDEMPTION AND INTEREST

(A) REDEMPTION

1. REDEMPTION AT MATURITY

General Condition 5.7 is not applicable. General Condition 5.8 is applicable.

Unless previously redeemed or purchased and cancelled [and subject as provided in the General Conditions], each Instrument will be redeemed by the Issuer, in respect of each Denomination, by payment of the Final Redemption Amount, *such redemption to occur, subject as provided below, on or prior to the Maturity Date.*

2. DEFINITIONS

Affiliate means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein **control** means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and **controlled by** and **controls** shall be construed accordingly;

[IF THE SETTLEMENT CURRENCY IS NOT THE SAME AS THE REFERENCE CURRENCY AND IF THE INSTRUMENT IS NOT A QUANTO SECURITY INSERT:

Exchange Rate means in relation to the Underlying and in respect of any day, the rate of exchange prevailing at [16:00] [●] [Central European Time] [●] (or at such time approximate thereto as the Calculation Agent determines to be practicable) on such day between the Reference Currency and the Settlement Currency (expressed as the number of units of the Reference Currency or a fraction thereof required to buy one unit of the Settlement Currency) as determined by the Calculation Agent by reference to such source(s) as the Calculation Agent may reasonably determine to be appropriate at such time;]

[INSERT ONE OF THE FOLLOWING:

[Final Redemption Amount means, with respect to each Instrument, if the Instruments are redeemed on the Maturity Date, an amount determined by the Calculation Agent as follows:

$$NA + NA \times \left[\bullet \% + PF \times \text{Max} \left(\left(\frac{\text{Final Reference Level} - \text{Initial Reference Level}}{\text{Initial Reference Level}} \right); 0\% \right) \right]$$

provided that the Final Redemption Amount shall not be less than [zero] [●] [or greater than [●]]. The Final Redemption Amount will be rounded to the nearest [two decimal places] [whole unit] in the Settlement Currency, [0.005] [half a unit] being rounded downwards where PF is the Participation Factor and NA is the Nominal Amount of an Instrument.]

Final Redemption Amount means, with respect to each Instrument, if the Instruments are redeemed on the Maturity Date, an amount determined by the Calculation Agent as follows:

$$\text{Final Reference Level} \times \text{Multiplier}$$

provided that the Final Redemption Amount shall not be less than [zero] [●] [or greater than [●]]. The Final Redemption Amount will be rounded to the nearest [two decimal places] [whole unit] in the Settlement Currency, [0.005] [half a unit] being rounded downwards.

[IF THE FINAL REFERENCE LEVEL IS DETERMINED ON ONE SINGLE DAY INSERT:

Final Reference Level means, subject to the adjustment provisions in Schedule 3 and as provided in the definition of Valuation Date, an amount equal the Reference Level on the Valuation Date [or on the Optional Redemption Valuation Date(s), as the case may be,] as determined by the Calculation Agent and without regard to any subsequently published correction(s);]

[IF THE FINAL REFERENCE LEVEL IS DETERMINED ON SEVERAL CONSECUTIVE DAYS INSERT:

Final Reference Level means, subject to the adjustment provisions in Schedule 3 and as provided in the definition of Valuation Date[or on the Optional Redemption Valuation Date(s), as the case may be], an amount equal to the arithmetic average of the Reference Levels on all the Valuation Dates as determined by the Calculation Agent and without regard to any subsequently published correction(s);]

[IF THE INITIAL REFERENCE LEVEL IS FIXED BEFORE ISSUANCE INSERT:

Initial Reference Level means, subject to the adjustment provisions in Schedule 3, [●];]

[IF THE INITIAL REFERENCE LEVEL IS DETERMINED ON ONE SINGLE DAY INSERT:

Initial Reference Level means, subject to the adjustment provisions in Schedule 3 and as provided in the definition of Initial Reference Valuation Date, an amount equal the Reference Level on the Initial Reference Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction(s);]

[IF THE INITIAL REFERENCE LEVEL IS DETERMINED ON ONE SINGLE DAY INSERT:

Initial Reference Valuation Date means [the [specify date][●]] or, if such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Initial Reference Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the [eighth] [●] Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Initial Reference Valuation Date, then (A) that [eighth] [●] Trading Day shall be deemed to be the Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Initial Reference Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that [eighth] [●] Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

[IF THE INITIAL REFERENCE LEVEL IS DETERMINED ON SEVERAL CONSECUTIVE DAYS INSERT:

Initial Reference Valuation Date means [the [specify date] each of the [●]] [or, if any such day is not a Trading Day, the next following Trading Day on which another Initial Reference Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Initial Reference Valuation Date shall be the first succeeding Initial Reference Valid Date. If the first succeeding Initial Reference Valid Date has not occurred by the [eighth] [●] Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Initial Reference Valuation Date, then (A) that [eighth] [●] Trading Day shall be deemed to be that Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that [eighth]

[●] Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

[IF THE INITIAL REFERENCE LEVEL IS DETERMINED ON SEVERAL (1) CONSECUTIVE DAYS OR (2) NON-CONSECUTIVE DAYS AND THE FREQUENCY OF WHICH IS WEEKLY INSERT:]

Initial Reference Valid Date means a Trading Day on which there is no Market Disruption Event and on which another Initial Reference Valuation Date does not or is not deemed to occur;]]

Market Disruption Event means each event specified to be a Market Disruption Event in the adjustment provisions in Schedule 3 to these Final Terms;

Multiplier means [●] subject to adjustment in accordance with Schedule 3;];

[IF THERE IS AN ISSUER CALL OPTION AND REDEMPTION IS FOR A FIXED AMOUNT, INSERT:]

Optional Redemption Amount means, in respect of the [first]Optional Redemption Valuation Date, [Currency] ● per Denomination[, in respect of the second Optional Redemption Valuation Date, [Currency] ● per Denomination [Add further details if more Optional Redemption Valuation Dates applicable]] [an amount determined in the sole and absolute discretion of the Calculation Agent on the Optional Redemption Valuation Date as the fair market value of the Instruments[[, subject to a minimum of ●];

[IF THERE IS AN ISSUER CALL OPTION AND REDEMPTION IS BASED ON A FORMULA, INSERT:]

[Optional Redemption Amount means, with respect to each Instrument, if the Instruments are redeemed on the Maturity Date, an amount determined by the Calculation Agent as follows:

[Final Reference Level x Multiplier] **OR**

$$NA + NA \times \left[\bullet \% + PF \times \text{Max} \left(\left(\frac{\text{Final Reference Level} - \text{Initial Reference Level}}{\text{Initial Reference Level}} \right); 0\% \right) \right]$$

provided that the Final Redemption Amount shall not be less than [zero] [●] [or greater than [●]]. The Final Redemption Amount will be rounded to the nearest [two decimal places] [whole unit] in the Settlement Currency, [0.005] [half a unit] being rounded downwards where PF is the Participation Factor and NA is the Nominal Amount of an Instrument.]

Participation Factor means [100]%, subject to adjustment in accordance with the adjustment provisions in Schedule 3 to these Final Terms;

Reference Currency means [●][the lawful currency of ●];]

[IF THERE IS A SINGLE UNDERLYING INSERT:]

Reference Level means, in respect of any day, subject to the adjustment provisions in Schedule 3, an amount (which shall be deemed to be a monetary value in the Reference Currency) determined by the Calculation Agent equal to the [● insert alternative method of calculation/ method of calculation for Debt Securities] [official closing] [price] of the Underlying [[quoted by] [published on] [●] [the Reference Source]] at [specify time] [the Relevant Time as defined in part (B) of this Schedule 2] on such day;

[IF THE UNDERLYING IS A BASKET INSERT:]

Reference Level means, in respect of any day, subject to the adjustment provisions in Schedule 3, an amount (which shall be deemed to be a monetary value in the Reference Currency) determined by the Calculation Agent equal to the sum of the products for each Basket Constituent of:

1. the Basket Constituent Level for each Basket Constituent on such day or, if such day is not a Trading Day, the first succeeding Trading Day; and
2. the Basket Constituent Weight of each Basket Constituent on such day

As a formula:

$$\text{Reference Level}_t = \sum_i^n P_{i,t} \times \text{BCW}_{i,t}$$

where:

- | | | |
|--------------------|---|---|
| n | = | number of Basket Constituents in the Basket |
| $P_{i,t}$ | = | the Basket Constituent Level i on day t |
| $\text{BCW}_{i,t}$ | = | Basket Constituent Weight i on day t; |

Trading Day means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day for each Reference Source, provided that trading day shall mean

[IF ANY REFERENCE SOURCE IS AN EXCHANGE, TRADING SYSTEM OR QUOTATION SYSTEM INSERT:

[for any Reference Source which is an exchange, a trading system or a quotation system,] any day on which such Reference Source is open for trading other than a day on which trading on such Reference Source is scheduled to close prior to its regular weekday closing time;]

[IF ANY REFERENCE SOURCE IS NOT AN EXCHANGE, TRADING SYSTEM OR QUOTATION SYSTEM INSERT:

[for any Reference Source which is not an exchange, a trading system or a quotation system,] [any Business Day other than a day on which commercial banks and foreign exchange markets are closed in the country where the Reference Source is located] [●];]

Valuation Date means the [●] Trading Day of each [month/specify other] from and including [specify month and year] to and including [specify month and year] (being in total [●] Valuation Dates), unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then the relevant Valuation Date shall be the [first succeeding] Trading Day on which there is no Market Disruption Event, unless there is a Market Disruption Event occurring on each of the [eight] Trading Days immediately following the original date which (but for the Market Disruption Event) would have been that Valuation Date. In that case then (A) the [eighth] Trading Day shall be deemed to be the Valuation Date (notwithstanding the Market Disruption Event) and (B) the Calculation Agent shall determine the Reference Level for the Valuation Date as of that [eighth] Trading Day that would have prevailed but for the occurrence of a Market Disruption Event having regard to the then prevailing market conditions and such other factors as the Calculation Agent considers relevant.]

[IF THE FINAL REFERENCE LEVEL IS DETERMINED ON SEVERAL CONSECUTIVE DAYS INSERT:

Valuation Date means [each of the first [●][●] [Trading Days] [calendar days] following the [●] Trading Day of each month] [●] [or, if any such day is not a Trading Day, the next following Trading Day on which another Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Valuation Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Valuation Date, then (A) that fifth Trading Day shall be deemed to be that Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant; and]

[IF THE FINAL REFERENCE LEVEL IS DETERMINED ON SEVERAL CONSECUTIVE DAYS INSERT:

Valid Date means a Trading Day on which there is no Market Disruption Event and on which another Valuation Date does not or is not deemed to occur.]

(B) INTEREST

Terms with initial capital letters which are not defined in this section shall have the meanings ascribed to them in the General Conditions.

[IF THE INSTRUMENTS BEAR NO INTEREST:

INTEREST

The Instruments bear no interest and no payment shall be made in respect of any interest. For the avoidance of doubt, any references to payments of interest in these Final Terms shall be deemed not to apply.]

[IF THE INSTRUMENTS BEAR FLOATING RATE INTEREST, DELETE ALL OF THIS PARAGRAPH (B) INTEREST AND USE FLOATING RATE PROVISIONS TEMPLATE]

[IF INSTRUMENTS BEAR FIXED RATE INTEREST:

1. INTEREST RATES AND ACCRUAL

Each Instrument bears interest on its Nominal Amount from [Insert Date][the Issue Date][the Primary Market End Date] at the rate per annum (expressed as a percentage) equal to the Interest Rate, such interest being payable in arrear on each Interest Payment Date.

Interest will cease to accrue on each Instrument on the due date for redemption or for cancellation, as the case may be, unless upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (both before and after judgment) at the Interest Rate in the manner provided in this paragraph 1 to the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Instrumentholders in accordance with General Condition 5.8 that, upon further presentation of the Global

Debt Instrument being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

2. INTEREST CALCULATIONS

- (A) The amount of interest payable in respect of any Instrument for any period other than an Interest Period, shall be calculated by multiplying the product of the Interest Rate and the Nominal Amount of such Instrument on the first day of such period by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in paragraph 4 (Definitions) below in respect of such period, in which case the amount of interest payable in respect of such Nominal Amount for such period will be equal to such Interest Amount (or be calculated in accordance with such formula).

INSERT FOR INSTRUMENTS WHERE THE INTEREST RATE IS DETERMINED BY THE CALCULATION AGENT:

- (B) As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to obtain any quotation or make any determination or calculation, the Calculation Agent will determine the Interest Rate and calculate the Interest Amounts in respect of the Nominal Amount of each Instrument for the relevant Interest Period, obtain such quotation or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee, the Principal Agent, each of the Paying Agents, the Instrumentholders and, for so long as the Instruments are listed on a stock exchange and the rules of such stock exchange require, such stock exchange, as soon as possible after their determination but in no event later than (i) (except in the case of notices to the Instrumentholders) the commencement of the relevant Interest Period, if determined prior to such time, in the case of an Interest Rate, Interest Payment Date and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made with the prior written consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Instruments become due and payable under General Condition 5.1, the accrued interest and the Interest Rate payable in respect of the Instruments shall nevertheless continue to be calculated as previously in accordance with this Schedule 2 but no notification of the Interest Rate or the Interest Amount so calculated needs to be made unless the Trustee otherwise requires.]

4. DEFINITIONS

Banking Day means [●];

Effective Date means, with respect to any Interest Rate to be determined on an Interest Determination Date, [specify date] [the first day of the Interest Period to which such Interest Determination Date relates];

[Euro-zone] means the region comprising the member states of the European Union that adopt the euro as their lawful currency in accordance with the Treaty establishing

the European Community, as amended by the Treaty of European Union as amended by the Treaty of Amsterdam but excluding those members states acceded in the European Union after May 2004.]

[IF THE INTEREST AMOUNT IS TO BE DETERMINED WITHOUT REFERENCE TO INTEREST PERIODS INSERT:

Interest Amount means, in respect of each Nominal Amount, an amount calculated by the Calculation Agent as follows:

Nominal Amount x Interest Rate, being [Currency] [Amount];]

Interest Determination Date means, with respect to an Interest Period, (i) if the Settlement Currency is sterling, the first day of such Interest Period (ii) if the Benchmark Rate is EURIBOR, the second day on which TARGET is open prior to the first day of such Interest Period and (iii) in all other cases, the day falling two Banking Days prior to the first day of such Interest Period.]

[IF THE INTEREST AMOUNT IS TO BE DETERMINED ON THE BASIS OF INTEREST PERIODS:

Interest Period means the period commencing on (and including) [●] [the [●] Business Day succeeding the Primary Market End Date] to (but excluding) the first Interest Payment Date and each period commencing on (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date and, if interest is required to be calculated for a period ending other than on (but excluding) the relevant Interest Payment Date, the period commencing on (and including) the most recent Interest Payment Date (or if none the Primary Market End Date) to (but excluding) the relevant payment date;]

[IF THE INTEREST AMOUNT IS TO BE DETERMINED WITHOUT REFERENCE TO MULTIPLE INTEREST PERIODS INSERT

Interest Period means the period commencing on (and including) [●] [the [●] Business Day succeeding the Primary Market End Date] to (but excluding) the Interest Payment Date and, if interest is required to be calculated for a period ending other than on (but excluding) Interest Payment Date, the period commencing on (and including) [●] [the [●] Business Day succeeding the Primary Market End Date] to (but excluding) the relevant payment date;]

Interest Rate is the Fixed Rate as defined in the paragraph 14(i) of **these Final Terms;**

Interest Rate Day Count Fraction means [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);] [the actual number of days in the Interest Period divided by 365;] [the actual number of days in the Interest Period divided by 360;] [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 months each comprising 30 days (unless (A) the last day of the Interest Period is the 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a month comprising 30 days 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 month comprising 30 days)] [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 months each comprising 30 days, without regard to the date of the first day or last day of the Interest Period unless, in the case of an Interest Period ending on the Maturity Date, 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 month comprising 30 days);]]

Principal Financial Centre means the principal financial centre of the country of the Settlement Currency or, if the Settlement Currency is euro, in the Euro-zone;

Relevant Time means, with respect to any Interest Determination Date, (i) where the Principal Financial Centre is the Euro-zone [●] [a.m./p.m.], Central European Time and (ii) in all other cases, the time at which it is customary to determine bid and offered rates in respect of deposits in the Settlement Currency in the interbank market in the Principal Financial Centre as determined by the Calculation Agent;

SCHEDULE 3 TO THE FINAL TERMS

ADJUSTMENTS

[DRAFTING NOTE - THE TYPE OF UNDERLYING AS SPECIFIED IN SCHEDULE 1 WILL DETERMINE WHICH OF THE FOLLOWING ADJUSTMENT PROVISIONS SHOULD APPLY TO THE INSTRUMENTS.]

[IF THE DEFINITION OF UNDERLYING OR BASKET IN SCHEDULE 1 INCLUDES A SHARE OR SHARES, INSERT THIS SECTION:]

1. *Shares*

[If more than one Type of Underlying or Basket Constituent is set out in the definition of Basket or Instruments (a) the sections in this Schedule 3 will need to be renumbered appropriately and (b) the following should be inserted:]

This paragraph 1 and the definitions herein shall only apply in relation to any Share or Shares specified in Schedule 1 in the column headed Type of Basket Constituent in the definition of Basket, or in the column headed Type of Underlying in the definition of Instruments, as the case may be. For any Underlying other than a Share or Shares which are specified in such column, other sections of this paragraph 1, if and to the extent applicable, and the definitions therein shall apply.]

2. *Definitions:*

Affiliate is as defined in Schedule 2;

Other Exchange means, with respect to a Share, each exchange, trading system or quotation system other than the Reference Source on which such Share is listed, traded or quoted;

Reference Currency is as defined in Schedule 2 or, if not defined in Schedule 2, is the Settlement Currency;

Reference Level is as defined in Schedule 2;

Reference Source is as defined in Schedule 1;

Related Exchange means, unless otherwise defined in Schedule 1, with respect to a Share, any exchange, trading system or quotation system on which options contracts or futures contracts on such Share are traded as determined by the Calculation Agent;

Relevant Country means, each of

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency or the Settlement Currency is the legal tender or currency; and
- (ii) any country (or any political or regulatory authority thereof) with which a Share or the related Share Company has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to the

country in which the Share Company is incorporated and/or such other factor(s) as it may deem appropriate,

all as determined by the Calculation Agent.

Relevant Time means, with respect to any Share, the relevant time by reference to which the Calculation Agent determines the price or value of such Share for the purposes of determining the Reference Level;

Settlement Currency is as defined in paragraph 33 in the table at the beginning of these Final Terms;

Share means the or, as the case may be, each share specified in the definition of Underlying, Instruments or Basket, as the case may be, in Schedule 1; and

Share Company means, with respect to a Share, the issuer specified for such Share in the definition of Underlying, Instruments or Basket, as the case may be, in Schedule 1.

3. *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition 15 if a Market Disruption Event has occurred on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by this paragraph 3 to determine the price or value of a Share.

Market Disruption Event means:

[IF THE REFERENCE SOURCE FOR ANY SHARE IS AN EXCHANGE, A TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING TWO LINES IF SECTION (II) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

(i) where the Reference Source for any Share is an exchange, a trading system or a quotation system as determined by the Calculation Agent,]

(a) the occurrence or existence on any Trading Day at the Relevant Time for such Share or at any time during the one hour period that ends at the Relevant Time for such Share:

(i) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits permitted by the relevant Reference Source or any Related Exchange or otherwise):

(A) of the Share on the Reference Source or any Other Exchange; or

(B) in options contracts or futures contracts relating to the Share on any Related Exchange; or

(ii) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in

general to effect transactions in relation to or to obtain market values for the Share on the relevant Reference Source or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to such Share on any Related Exchange; or

- (b) the closure on any Trading Day of the Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour prior to (i) the actual closing time for the regular trading session on such Reference Source or such Related Exchange on such Trading Day or, if earlier, (ii) the submission deadline (if applicable) for orders to be entered into the Reference Source or such Related Exchange system for execution at the Relevant Time on such Trading Day. A **Scheduled Closing Time** is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or
- (c) a general moratorium is declared in respect of banking activities in any Relevant Country; [or]

[INSERT IF THE REFERENCE SOURCE FOR ANY SHARE IS LOCATED IN AN EMERGING MARKET COUNTRY:]

- (d) where the Reference Currency is different from the Settlement Currency, the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer and/or any of its Affiliates from:
 - (i) converting the Reference Currency into the Settlement Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
 - (ii) converting the Reference Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
 - (iii) delivering the Reference Currency or Settlement Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
 - (iv) transferring the Reference Currency or Settlement Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country; [or]]
- (e) a Relevant Country (i) imposes any controls or announces its intention to impose any controls or (ii) (A) implements or announces its intention to implement or (B) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer and/or any of its Affiliates'

ability to acquire, hold, transfer or realise or otherwise to effect transactions in relation to such Share,]]

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments[; and/.]

[IF THE REFERENCE SOURCE FOR ANY SHARE IS NOT AN EXCHANGE OR TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING TWO LINES IF SECTION (I) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- (ii) where the Reference Source for any Share is not an exchange, a trading system or a quotation system as determined by the Calculation Agent,
 - (a) it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of such Share by reference to such Reference Source in the manner specified in the definition of Reference Level in Schedule 2 or in Information relating to the Underlying attached in Schedule ● to the Final Terms, or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise); or
 - (b) **[if section (i) is included above, insert:** any event occurs as described in 3(i)(c) **[Insert if the Reference Source for any Share is located in an Emerging Market Country:, 3(i)(d) and/or 3(i)(e)]** above in relation to such Share,] **OR [if section (i) is not included above, insert 3(i)(c), 3(i)(d) and 3(i)(e) here renumbered as 3(i)(a), 3(i)(b) and 3(i)(c) respectively]**

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments.

4. Potential Adjustment Events

Following the declaration by a Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the relevant Share and, if so, will (1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that dilutive or concentrative or other effect; and (2) determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by a Related Exchange to options contracts or futures contracts on the relevant Share traded on that Related Exchange.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition [4],

stating the adjustment made to the Conditions and giving brief details of the Potential Adjustment Event.

Potential Adjustment Event means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Shares (unless it has resulted in a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the relevant Shares of (A) such Shares, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares, or (C) share capital or other securities of another issuer as a result of a "spin-off" or other similar transaction, or (D) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or in other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an extraordinary dividend;
- (iv) a call by the Share Company in respect of relevant Shares that are not fully paid;
- (v) a repurchase by or on behalf of the Share Company or any of its subsidiaries of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) in respect of a Share Company, an event that results in any shareholder rights being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Share Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent;
- (vii) any redemption of shareholder rights referred to in (vi) above; and
- (viii) any other event that may have a diluting or concentrative or other effect on the theoretical value of the relevant Shares.

5. *Merger Event, Tender Offer, De-Listing, Nationalisation and Insolvency*

If a Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency occurs in relation to relevant Shares and/or the relevant Share Company, as the case may be, the Issuer may take any action described in 5(a), 5(b) or 5(c) below:

- (a) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency made by an options exchange to options on the Share traded on that options exchange; or

- (b) cancel the Instruments by giving notice to Instrumentholders in accordance with General Condition 15. If the Instruments are so cancelled, the Issuer will pay an amount to each Instrumentholder in respect of each Instrument held by such Instrumentholder which amount shall be the fair market value of a Instrument taking into account the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Instrumentholders in accordance with General Condition 15; or
- (c) following any adjustment to the settlement terms of options on the Shares traded on such exchange(s) or trading system(s) or quotation system(s) as the Calculation Agent in its reasonable discretion shall select (the **Options Reference Source**) require the Calculation Agent to make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Reference Source. If options on the Shares are not traded on the Options Reference Source, the Calculation Agent will make such adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate, with reference to the rules and precedents (if any) set by the Options Reference Source, to account for the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Reference Source if such options were so traded.

Upon the occurrence of a Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition 15 stating the occurrence of the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. However, Instrumentholders should be aware that there may necessarily be some delay between the time at which any of the above events occurs and the time at which it is reported to Instrumentholders.

De-Listing means, for any Share for which the Reference Source is an exchange or a trading system or a quotation system, the Reference Source announces that pursuant to the rules of such Reference Source, such Share ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason (other than a Merger Event or Tender Offer) and is not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Calculation Agent;

Insolvency means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding

affecting a Share Company (A) all the Shares of that Share Company are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares of that Share Company become legally prohibited from transferring them;

Merger Date means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent;

Merger Event means, in respect of any relevant Shares, any (A) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (B) consolidation, amalgamation, merger or binding share exchange of a Share Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which does not result in reclassification or change of all of such Shares outstanding), (C) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Share Company that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (D) consolidation, amalgamation, merger or binding share exchange of the Share Company or its subsidiaries with or into another entity in which the Share Company is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the Merger Date is on or before the Valuation Date or, if there is more than one Valuation Date, the final Valuation Date;

Nationalisation means that all the Shares or all or substantially all of the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof; and

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

[IF THE DEFINITION OF UNDERLYING OR BASKET IN SCHEDULE 1 INCLUDES A FUND SHARE OR FUND SHARES, INSERT THIS SECTION:

1. *Fund Shares*

[IF MORE THAN ONE TYPE OF UNDERLYING OR BASKET CONSTITUENT IS SET OUT IN THE DEFINITION OF BASKET OR INSTRUMENTS (A) THE SECTIONS IN THIS SCHEDULE 3 WILL NEED TO BE RENUMBERED APPROPRIATELY AND (B) THE FOLLOWING SHOULD BE INSERTED:

This paragraph 1 and the definitions herein shall only apply in relation to any Fund Share or Fund Shares specified in Schedule 1 in the column headed Type of Basket Constituent in the definition of Basket, or in the column headed Type of Underlying in

the definition of Instruments, as the case may be. For any Underlying other than a Fund Share or Fund Shares which are specified in such column, other sections of this paragraph 1, if and to the extent applicable, and the definitions therein shall apply.]

2. *Definitions:*

Affiliate is as defined in Schedule 2;

Net Asset Value means, in relation to a Fund Share, the net asset value or other equivalent value for such Fund Share as determined by the Calculation Agent;

Other Exchange means, with respect to a Fund Share, each exchange, trading system or quotation system other than the Reference Source on which such Fund Share is listed, traded or quoted;

Realisation Date means, for the purposes of substituting any Fund Share pursuant to paragraph 4:

[INSERT ONE OF THE FOLLOWING OPTIONS]

- [(i) the [fifth] Trading Day following the Substitution Determination Date or, if earlier,
- (ii) the [*Insert number*] Trading Day prior to any date falling [on or] after the Substitution Determination Date on which the Calculation Agent would be required by the Conditions to determine the price or value of such Fund Shares;]

/OR:

[the earliest of

- (i) the date on which the Calculation Agent determines that a market counterparty holding the Fund Shares to be substituted (including the Issuer or any Affiliate, if applicable) would be able to reasonably liquidate, redeem or otherwise dispose of such Fund Shares;
- (ii) the date falling one year after the Substitution Determination Date; and
- (iii) the [*Insert number*] Trading Day prior to any date falling [on or] after the Substitution Determination Date on which the Calculation Agent would be required by the Conditions to determine the price or value of such Fund Shares;]

Reference Currency is as defined in Schedule 2 or, if not defined in Schedule 2, is the Settlement Currency;

Reference Level is as defined in Schedule 2;

Reference Source is as defined in Schedule 1;

Related Exchange means, unless otherwise defined in Schedule 1, with respect to a Fund Share, any exchange, trading system or quotation system on which options

contracts or futures contracts on such Fund Share are traded as determined by the Calculation Agent;

Relevant Country means each of

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency or the Settlement Currency is the legal tender or currency; and
- (ii) any country (or any political or regulatory authority thereof) with which a Fund Share or the related Fund has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to the country in which the Fund is incorporated or organised and/or such other factor(s) as it may deem appropriate,

all as determined by the Calculation Agent;

Relevant Time means, with respect to any Fund Share, the relevant time by reference to which the Calculation Agent determines the price or value of such Fund Share for the purposes of determining the Reference Level;

Settlement Currency is as defined in paragraph 33 of the table at the beginning of these Final Terms; and

Substitution Determination Date is as defined in paragraph 4(c) below.

3. *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition 15 if a Market Disruption Event has occurred on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by the Conditions to determine the price or value of a Fund Share.

Market Disruption Event means:

[IF THE REFERENCE SOURCE FOR ANY FUND SHARE IS AN EXCHANGE, A TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING TWO LINES IF SECTION (II) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- (i) where the Reference Source for any Fund Share is an exchange, a trading system or a quotation system as determined by the Calculation Agent,
 - (a) the occurrence or existence on any Trading Day at the Relevant Time for such Fund Share or at any time during the one hour period that ends at the Relevant Time for such Fund Share:
 - (i) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits permitted by the relevant Reference Source or any Related Exchange or otherwise):
 - (A) of Fund Share on the Reference Source or any Other Exchange; or

- (B) in options contracts or futures contracts relating to the Fund Share on any Related Exchange; or
 - (ii) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in relation to or to obtain market values for the Fund Share on the relevant Reference Source or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to such Fund Share on any Related Exchange; or
- (b) the closure on any Trading Day of the Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour prior to (i) the actual closing time for the regular trading session on such Reference Source or such Related Exchange on such Trading Day or, if earlier, (ii) the submission deadline (if applicable) for orders to be entered into the Reference Source or such Related Exchange system for execution at the Relevant Time on such Trading Day. A **Scheduled Closing Time** is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or
- (c) a general moratorium is declared in respect of banking activities in any Relevant Country; [or]

[INSERT IF THE REFERENCE SOURCE FOR ANY FUND SHARE IS LOCATED IN AN EMERGING MARKET COUNTRY:]

- (d) where the Reference Currency is different from the Settlement Currency, the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer and/or any of its Affiliates from:
 - (i) converting the Reference Currency into the Settlement Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
 - (ii) converting the Reference Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
 - (iii) delivering the Reference Currency or Settlement Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
 - (iv) transferring the Reference Currency or Settlement Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country; or

- (e) a Relevant Country (i) imposes any controls or announces its intention to impose any controls or (ii)(A) implements or announces its intention to implement or (B) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer and/or any of its Affiliates' ability to acquire, hold, transfer or realise or otherwise to effect transactions in relation to such Fund Share,

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments[; and/.]

[IF THE REFERENCE SOURCE FOR ANY FUND SHARE IS NOT AN EXCHANGE OR TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING TWO LINES IF SECTION (I) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- [(ii)] where the Reference Source for any Fund Share is not an exchange a trading system or a quotation system as determined by the Calculation Agent,]
- (a) it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of such Fund Share by reference to such Reference Source in the manner specified in the definition of Reference Level in Schedule 1 or in Information relating to the Underlying attached in Schedule ● to the Final Terms , or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise); or
- (b) *[if section (i) is included above, insert: any event occurs as described in 3(i)(c) [Insert if the Reference Source for any Fund Share is located in an Emerging Market Country:, 3(i)(d) and 3(i)(e)] above in relation to such Share,] OR [if section (i) is not included above, insert 3(i)(c), 3(i)(d) and 3(i)(e) here renumbered as 3(i)(a), 3(i)(b) and 3(i)(c) respectively]*

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments.

[INSERT IF THERE SHALL BE WIDE DISCRETION TO DEAL WITH FUND EVENTS:

4. Extraordinary Fund Events

If an Extraordinary Fund Event occurs or has occurred in relation to a Fund or its Fund Shares (each such Fund, an **Affected Fund**), the Issuer may take any action described in (a), [or] (b) [or (c)] below:

- (a) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for that Extraordinary Fund Event and determine the effective date of that adjustment; or

- (b) cancel the Instruments by giving notice to Instrumentholders in accordance with General Condition 15. If the Instruments are so cancelled, the Issuer will pay an amount to each Instrumentholder in respect of each Instrument held by such Instrumentholder which amount shall be the fair market value of a Instrument taking into account the Extraordinary Fund Event less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Instrumentholders in accordance with General Condition 15; [or
- [(c) determine that such Fund shall be replaced in accordance with paragraph 5 below and determine the relevant **Substitution Determination Date**, being the date such determination is made or such other date as the Issuer determines to be appropriate by reference to such factor(s) as it may select including, without limitation, any hedging arrangements carried out by the Issuer and/or any of its Affiliates in relation to the Instruments],

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments.

The Calculation Agent may, but need not, determine the appropriate adjustment for the purposes of (1) above by reference to the adjustment in respect of such Extraordinary Fund Event made by a Related Exchange (if any) to options contracts or futures contracts on the relevant Fund Share traded on that Related Exchange. Any adjustment or replacement made to account for an Extraordinary Fund Event may take into account, as the Calculation Agent deems appropriate, any tax, duty, withholding, deduction or other charge whatsoever (including but not limited to a change in the tax consequences) for the Issuer or any Affiliate as a result of the Extraordinary Fund Event. Such change in tax consequences may include, but is not limited to, any changes resulting from any hedging arrangements carried out by the Issuer or any Affiliate in relation to Instruments. If any adjustment or replacement is made to account for any Extraordinary Fund Event, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition 15, stating the adjustment or replacement made and giving brief details of the Extraordinary Fund Event.

Extraordinary Fund Event means any of the following:

- (i) any change and/or modification of the currency, strategy, objectives, guidelines and/or investment policies of a Fund or a Master Fund (including but not limited to any change and/or modification of the Fund Information Document) from those prevailing on the Inclusion Date;
- (ii) the insolvency, liquidation (whether voluntary or involuntary) or bankruptcy of, or any analogous proceedings affecting, a Fund, its Manager, its Administrator or its Master Fund;
- (iii) the cancellation of the registration or the approval of a Fund, its Manager or its Master Fund by any relevant authority; or any suspension of a Fund, its

Manager or its Master Fund by any relevant authority; or a Fund, its Manager or its Master Fund becomes subject to any investigation by any relevant governmental, legal or regulatory authority;

- (iv) the occurrence of a Fund Merger Event (as defined below);
- (v) a Market Disruption Event continues for [*Insert number*] consecutive Trading Days;
- (vi) the Fund or any party acting on its behalf imposes any restriction, charge or fee in respect of the purchase, subscription, sale or redemption of Fund Shares (other than any restriction, charge or fee in existence as at the Inclusion Date);
- (vii) where a buy or sell order is submitted by Deutsche Bank or any Affiliate in accordance with the relevant procedures of a Fund, the inability of Deutsche Bank AG or any Affiliate to buy or sell Fund Shares on any Trading Day at, or at a value that equates to, the Net Asset Value of Fund Share for such Trading Day;
- (viii) any action is taken, or proposed to be taken, by an authority leading to, or which could reasonably be expected to lead to, the adoption or promulgation of, or any change in, any applicable law or regulation after the Inclusion Date, or the issuance of any directive or any change in the interpretation thereof, whether formal or informal, by any court, tribunal or regulatory authority after the Inclusion Date (any such action, proposed action, adoption, promulgation or change, a **Change**), as a result of which the Issuer or any of its Affiliates would, if holding, purchasing or selling any Fund Shares, (a) be required, or there is a substantial likelihood (as determined by the Calculation Agent) that the Issuer or any of its Affiliates would be required, to pay an amount in respect of tax (howsoever arising) which would not have been the case as of the Inclusion Date, or (b) receive, or there is a substantial likelihood (as determined by the Calculation Agent) that the Issuer or any of its Affiliates would receive, a payment in respect of which an amount in respect of tax (howsoever arising) would be deducted which would not have been the case as of the Inclusion Date;
- (ix) (a) as a result of any Change or for any other reason, it would be or would become unlawful or impractical for the Issuer or any of its Affiliates to hold, purchase or sell any Fund Shares and this was not the case as of the Inclusion Date, or
(b) [any event occurs that would, if Deutsche Bank AG and/or any of its Affiliates were holding, purchasing or selling any Fund Shares, have the effect of: (i) imposing on Deutsche Bank and/or any of its Affiliates, any reserve, special deposit, or similar requirement which did not exist as of the Inclusion Date or modifying any such requirement existing as at the Inclusion Date; or (ii) affecting the amount of regulatory capital that would have to be maintained by the Issuer and/or any of its Affiliates in connection with any hedging arrangements carried out by the Issuer or any Affiliate in relation to the Instruments [subsequent to the Inclusion Date] or modifying any such requirement existing as at the Inclusion Date;

- (x) redemption of Fund Shares in the form of a distribution of non-cash assets;
- (xi) [the provision by a Fund Manager, or any third party, to the Issuer or any of its Affiliates of any information with regard to the asset composition of a Fund that would lead to the presumption that a Fund or Manager is investing in illiquid assets and such investment could have a detrimental effect on the Net Asset Value of the relevant Fund;]
- (xii) a Fund ceases to trade and/or a Manager or Administrator ceases its activity as manager or administrator of such Fund;
- (xiii) a change in Manager or Administrator occurs in circumstances not otherwise specified herein;
- (xiv) the occurrence of a Potential Fund Adjustment Event or a De-Listing (as defined below); or
- (xv) any event occurs as a result of which the determination of the Reference Level becomes and is likely to remain for the foreseeable future impossible or impracticable.

De-Listing means, for any Fund Share for which the Reference Source is an exchange, a trading system or a quotation system, the Reference Source announces that pursuant to the rules of such Reference Source, the Fund Share ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason (other than a Fund Merger Event) and is not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Calculation Agent.

Fund Merger Event means, in respect of a Fund, its Manager or its Master Fund:

- (i) an irrevocable commitment to transfer all of the relevant Fund Shares or shares or units in such Master Fund outstanding; or
- (ii) a consolidation, amalgamation or merger of such Fund, such Manager or such Master Fund with or into another fund or fund manager other than a consolidation, amalgamation or merger in which such Fund or its Master Fund or its Manager is the continuing Fund, Master Fund or Manager, as the case may be; or
- (iii) a takeover offer for such Fund, Master Fund or Manager that results in a transfer of or an irrevocable commitment to transfer all of the relevant Fund Shares or shares or units in such Master Fund or all the shares of such Manager (other than Fund Shares or shares owned or controlled by the offeror).]

Potential Fund Adjustment Event means, in respect of a Fund or a Master Fund:

- (i) a subdivision, consolidation or reclassification of such Fund or Master Fund (unless a Fund Merger Event);
- (ii) an extraordinary distribution or dividend; or

- (iii) any other event (excluding a distribution or dividend) that may have an economic, dilutive, concentrative or other effect on the theoretical value of the Net Asset Value of such Fund.

INSERT IF THERE SHALL BE LESS DISCRETION TO DEAL WITH FUND EVENTS:

4. Extraordinary Fund Events

Following the occurrence of a Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Fund Share and, if so, will (1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that dilutive or concentrative or other effect; and (2) determine the effective date of that adjustment.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition 15, stating the adjustment made to the Conditions and giving brief details of the Potential Adjustment Event.

The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Extraordinary Fund Event made by a Related Exchange (if any) to options contracts or futures contracts on the relevant Fund Share traded on that Related Exchange. Any adjustment or replacement made to account for an Extraordinary Fund Event may take into account, as the Calculation Agent deems appropriate, any tax, duty, withholding, deduction or other charge whatsoever (including but not limited to a change in the tax consequences) for the Issuer or any Affiliate as a result of the Extraordinary Fund Event. Such change in tax consequences may include, but is not limited to, any changes resulting from any hedging arrangements carried out by the Issuer or any Affiliate in relation to Instruments.

Potential Adjustment Event means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Fund Shares (unless a Fund Merger Event) or a free distribution or dividend of any such Fund Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution or dividend to existing holders of relevant Fund Shares of (1) such Fund Shares, or (2) other share capital or securities granting the right to payment of dividends, redemption amounts or other amounts and/or delivery of assets and/or the proceeds of liquidation of the Fund equally or proportionately with such payments or deliveries to holders of such Fund Shares, or (3) share capital or other securities of another issuer acquired by the Fund as a result of a "spin-off" or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an extraordinary dividend;

- (iv) a call by the Fund in respect of relevant Fund Shares that are not fully paid;
- (v) the Fund repurchases, redeems or is required by any applicable regulatory authority to repurchase or redeem relevant Fund Shares (other than in accordance with normal redemption or realisation procedures for such Fund Shares) whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) with respect to a Fund an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a "poison pill" being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Fund (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights);
- (vii) the occurrence of a tender offer (a **Tender Offer**) by any entity or person to purchase more than 10 per cent. but less than 50 per cent. of the outstanding voting shares of any class of shares of the Fund, as determined by the Calculation Agent based upon the making of filings with governmental agencies and/or the nature and term of the Tender Offer; or
- (viii) any material change in the formula for or the method of calculating of the net asset value or other price or value of the relevant Fund Share, or in the composition or weighting of the prices or assets on the basis of which such net asset value or other price or value is calculated; or
- (ix) any other event that may have, in the opinion of the Calculation Agent, a dilutive or concentrative or other effect on the theoretical value of the Fund Shares.

5. *Merger Event, De-Listing, Insolvency and Other Event*

If a Fund Merger Event, De-Listing, Insolvency or Other Event occurs in relation to relevant Fund Shares, the Issuer may take any action described in (a), [or] (b) [or (c)] below:

- (a) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Fund Merger Event, De-Listing, Insolvency or Other Event, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Fund Merger Event, De-Listing, Insolvency or Other Event made by an options exchange to options on the Fund Share traded on that options exchange; or
- (b) cancel the Instruments by giving notice to Instrumentholders in accordance with General Condition 15. If the Instruments are so cancelled, the Issuer will pay an amount to each Instrumentholder in respect of each Instrument held by such Instrumentholder which amount shall be the fair market value of a Instrument taking into account the Fund Merger Event, De-Listing, Insolvency or Other Event, as the case may be, less the cost to the Issuer and/or any of its Affiliates of unwinding any

underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Instrumentholders in accordance with General Condition 15]; or

- (c) determine that such Fund shall be replaced in accordance with paragraph 6 below and determine the relevant **Substitution Determination Date**, being the date such determination is made or such other date as the Issuer determines to be appropriate by reference to such factor(s) as it may select including, without limitation, any hedging arrangements carried out by the Issuer and/or any of its Affiliates in relation to the Instruments].

Upon the occurrence of a Fund Merger Event, De-Listing, Insolvency or Other Event, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition 15 stating the occurrence of the Fund Merger Event, De-Listing, Insolvency or Other Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. However, Instrumentholders should be aware that there may necessarily be some delay between the time at which any of the above events occurs and the time at which it is reported to Instrumentholders.

De-Listing means, for any Fund Share for which the Reference Source is an exchange, a trading system or a quotation system, the Reference Source announces that pursuant to the rules of such Reference Source, the Fund Share ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason (other than a Fund Merger Event) and is not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Calculation Agent.

Insolvency means, in relation to a Fund Share, (A) the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution, winding-up or other cessation of trading of or any analogous proceeding in relation to (i) the relevant Fund or (ii) the relevant Master Fund or (iii) unless replaced with a successor acceptable to the Calculation Agent, the relevant Administrator or the relevant Manager or (B) all such Fund Shares are required to be transferred to a trustee, liquidator or other similar official.

Fund Merger Event means, in respect of a Fund, its Manager or its Master Fund:

- (i) an irrevocable commitment to transfer all of the relevant Fund Shares or shares or units in such Master Fund outstanding; or
- (ii) a consolidation, amalgamation or merger of such Fund, such Manager or such Master Fund with or into another fund or fund manager other than a consolidation, amalgamation or merger in which such Fund or its Master Fund or its Manager is the continuing Fund, Master Fund or Manager, as the case may be; or
- (iii) a takeover offer for such Fund, Master Fund or Manager that results in a transfer of or an irrevocable commitment to transfer all of the relevant Fund Shares or shares or units in such Master Fund or all the shares of such Manager (other than Fund Shares or shares owned or controlled by the offeror).

Other Event means:

- (i) the Administrator or the Manager or the administrator or the manager of the Master Fund ceases to act in its capacity as administrator or manager of the Fund or the Master Fund, as the case may be, and is not immediately replaced in such capacity by a successor acceptable to the Calculation Agent,
- (ii) a material modification of the investment objectives, investment policies, investment strategy, investment process or investment guidelines (however described) (**investment guidelines**) of the Fund or the Master Fund,
- (iii) a material modification or breach (other than any modifications referred to in (ii) above) of the conditions in place for the relevant Fund and/or the relevant Master Fund (including but not limited to a modification or breach of the Fund Information Document or the memorandum and articles of association or other constitutional documents of the Fund or any offering circular, prospectus, information memorandum or similar document (including any document supplementing, amending or restating the same) or memorandum and articles of association or other constitutional documents of the Master Fund),
- (iv) interruption, breakdown or suspension of the calculation or publication of the net asset value or other value or price of the Master Fund,
- (v) a material modification of the type of assets in which the Fund and/or the Master Fund invests or the trading practices of the Fund or the Master Fund (including but not limited to a material deviation from the investment guidelines set out in any Fund Information Document) which, in the determination of the Calculation Agent, has or is likely to have a material effect on the hedging arrangements entered into by the Issuer and/or any of its Affiliates in respect of the Instruments,
- (vi) the non-execution or partial execution or delayed execution by or on behalf of the Fund for any reason of a subscription or redemption order in respect of any Fund Shares given by the Issuer and/or any of its Affiliates,
- (vii) the Fund otherwise suspends redemptions of any Fund Shares,
- (viii) the Fund or any party acting on its behalf imposes any restriction, charge or fee in respect of a redemption or issue of Fund Shares (other than any restriction, charge or fee in existence as at the Issue Date of the Instruments),
- (ix) the Fund, the Master Fund, the manager of the Master Fund or the Manager has any relevant licence, authorisation or registration cancelled or revoked by any applicable regulatory authority and/or the Issuer and/or any Affiliate is required by an applicable regulatory authority to dispose of any Fund Shares held in connection with any hedging arrangements relating to the Instruments,
- (x) there is a change in the taxation treatment in any relevant jurisdiction in respect of any payments and/or deliveries made by a Fund or any reinvested amounts held by a Fund in respect of any Fund Shares as a result of which the amounts and/or assets realised by the Issuer and/or any Affiliate in connection with hedging arrangements relating to the Instruments are materially reduced or otherwise adversely affected,

- (xi) any other event occurs in relation to the relevant Fund or the relevant Fund Shares, which, in the determination of the Calculation Agent, has a material adverse effect on the value of such Fund Shares and/or the hedging activities of the Issuer and/or any Affiliate in connection with the Instruments and which is not a Potential Adjustment Event and/or
- (xii) the occurrence of a Potential Adjustment Event for which an adjustment in accordance with paragraph 4 above is, in the determination of the Calculation Agent, for any reason not possible or not reasonably practical.]

6. Fund Substitution

If the Issuer determines that Fund Shares (the **Affected Fund Shares**) should be substituted pursuant to paragraph 4 above, the Calculation Agent shall, on or prior to the Realisation Date substitute the relevant Fund Shares with new fund shares (the **New Fund Shares** and the related fund, the **New Fund**) provided the New Fund has the same or similar strategy, objectives, guidelines and investment policies as specified in the Fund Information Document (as determined by the Calculation Agent in its reasonable discretion) and provided that the currency of the New Fund Shares is the same as that for the Affected Fund Shares.

If Affected Fund Shares are substituted pursuant to this provision, the Calculation Agent shall make such adjustments to the Conditions as it in its reasonable discretion deems appropriate to account for such substitution. For the avoidance of doubt, the Calculation Agent shall determine the effect of such substitution on any relevant Reference Level by taking into account the contribution to the Reference Level of the Affected Fund Shares by reference to the value at which the Fund Shares of the Affected Fund could have been redeemed, liquidated or disposed of at the date that the substitution takes place (or, if any of the Affected Fund Shares could not reasonably be redeemed, liquidated or disposed of such value shall be deemed to be zero or such other value reflective of their market value, in the determination of the Calculation Agent).

[IF THE DEFINITION OF UNDERLYING OR BASKET IN SCHEDULE 1 INCLUDES AN INDEX OR INDICES, INSERT THIS SECTION:]

1. *Indices*

[IF MORE THAN ONE TYPE OF UNDERLYING OR BASKET CONSTITUENT IS SET OUT IN THE DEFINITION OF BASKET OR INSTRUMENTS (A) THE SECTIONS IN THIS SCHEDULE 3 WILL NEED TO BE RENUMBERED APPROPRIATELY AND (B) THE FOLLOWING SHOULD BE INSERTED:]

This paragraph 1 and the definitions herein shall only apply in relation to any Index or Indices specified in Schedule 1 in the column headed Type of Basket Constituent in the definition of Basket in Schedule 1, or in the column headed Type of Underlying in the definition of Instruments, as the case may be. For any Underlying other than an Index or Indices which are specified in such column, other sections of this paragraph 1, if and to the extent applicable, and the definitions therein shall apply.]

2. *Definitions:*

Affiliate is as defined in Schedule 2;

Index means (i) the or, as the case may be, each index specified in the definition of Underlying, Instruments or Basket, as the case may be, in Schedule 1 (each a **Principal Index**) and (ii) any index included in any Principal Index, or used for the calculation or determination of any Principal Index or any Index Constituent thereof (a **Sub-Index**);

Index Constituent means any security or other asset or reference value (other than a Sub-Index) constituting an Index at a relevant time;

Index Sponsor means (i) in relation to a Principal Index, the sponsor specified for such Principal Index in the definition of Underlying, Instruments or Basket, as the case may be, in Schedule 1 and (ii) in relation to a Sub-Index, the entity determined by the Calculation Agent to be principally responsible for the determination and publication of such Sub-Index, provided that, in either case all references to an Index Sponsor shall include any Successor Sponsor (as defined below);

Reference Currency (i) in relation to a Principal Index, is as defined in Schedule 2 or, if not defined in Schedule 2, is the Settlement Currency and (ii) in relation to an Index Constituent or a Sub-Index, is the currency in which the Index Constituent or Sub-Index is denominated or quoted or with which it is most closely connected, as determined by the Calculation Agent;

Reference Level is as defined in Schedule 2;

Reference Source (i) in relation to a Principal Index, is as defined in Schedule 1 and (ii) in relation to any Sub-Index or Index Constituent, is the reference source or reference sources determined by the Calculation Agent to be applicable to the valuation of such Sub-Index or such Index Constituent, as the case may be, for the purposes of determining the Reference Level;

Related Exchange means, unless otherwise defined in Schedule 1, with respect to an Index or an Index Constituent, any exchange, trading system or quotation system on which options contracts or futures contracts on such Index or such Index Constituent are traded, as determined by the Calculation Agent;

Relevant Country means, each of:

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency or the Settlement Currency is the legal tender or currency and
- (ii) any country (or any political or regulatory authority thereof) with which an Index or an Index Constituent has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to the country or countries in which the Index is calculated or published, the issuer of the Index Constituent is incorporated and/or such other factor(s) as it may deem appropriate,

all as determined by the Calculation Agent.

Relevant Time means, with respect to an Index or an Index Constituent, the relevant time by reference to which the relevant Index Sponsor determines the price or value of such Index or such Index Constituent for the purposes of determining the Reference Level; and

Settlement Currency is as defined in paragraph 33 in the table at the beginning of these Final Terms above.

3. *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition [15] (*Notices*) if a Market Disruption Event has occurred on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by this paragraph 2 to determine the level of an Index.

Market Disruption Event means:

[IF THE REFERENCE SOURCE FOR ANY INDEX OR INDEX CONSTITUENT IS AN EXCHANGE, A TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING THREE LINES IF SECTION (II) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- (i) where the Reference Source for an Index or an Index Constituent is an exchange, a trading system or a quotation system as determined by the Calculation Agent,
 - (a) the occurrence or existence on any Trading Day at the Relevant Time for such Index or such Index Constituent or at any time during the one hour period that ends at the Relevant Time for such Index or such Index Constituent:
 - (i) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits permitted by any Reference Source or any Related Exchange or otherwise):
 - (A) on any Reference Source as a whole; or
 - (B) on any Related Exchange of any options contracts or futures contracts on or relating to any Index or any Index Constituent; or
 - (C) on any exchange or trading system or quotation system on which an Index Constituent is listed or quoted of such Index Constituent; or
 - (ii) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in relation to or to obtain market values for such Index or such Index Constituent on the relevant Reference Source or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to such Index or such Index Constituent on any Related Exchange; or
 - (b) the closure on any Trading Day of any Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour

prior to (aa) the actual closing time for the regular trading session on such Reference Source or such Related Exchange on such Trading Day or, if earlier, (bb) the submission deadline (if applicable) for orders to be entered into such Reference Source or such Related Exchange system for execution at the Relevant Time on such Trading Day. A **Scheduled Closing Time** is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or

- (c) a general moratorium is declared in respect of banking activities in any Relevant Country; [or]

[INSERT IF THE REFERENCE SOURCE FOR ANY INDEX OR INDEX CONSTITUENT IS LOCATED IN AN EMERGING MARKET COUNTRY]

- (d) in relation to a Reference Currency for a Principal Index, a Sub-Index or an Index Constituent which is different from the Settlement Currency, the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Hedging Counterparty and/or any of its Affiliates from:

- (i) converting such Reference Currency into the Settlement Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
- (ii) converting such Reference Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
- (iii) delivering such Reference Currency or Settlement Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
- (iv) transferring such Reference Currency or Settlement Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country; or

- (e) a Relevant Country (a) imposes any controls or announces its intention to impose any controls or (b)(i) implements or announces its intention to implement or (ii) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Hedging Counterparty and/or any of its Affiliates' ability to acquire, hold, transfer or realise such Index Constituent or to effect transactions in relation to such Index,

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Hedging Counterparty and/or any of its Affiliates in relation to the Instruments[; and/.]

[IF THE REFERENCE SOURCE FOR ANY INDEX OR INDEX CONSTITUENT IS NOT AN EXCHANGE OR TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING THREE LINES IF SECTION (I) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

where the Reference Source for an Index or an Index Constituent is not an exchange, a trading system or a quotation system as determined by the Calculation Agent,]

- (a) *it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of such Index or Index Constituent by reference to such Reference Source in the manner specified in the definition of Reference Level in Schedule 2 or in Information relating to the Underlying attached in Schedule ● to the Final Terms , or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise); or*
- (b) *[if section (i) is included above, insert: any event occurs, as described in 3(i)(c) [Insert if the Reference Source for any Index or Index Constituent is located in an Emerging Market Country:, 3(i)(d) and/or 3(i)(e)] above in relation to any such Index or Index Constituent,] OR [if section (i) is not included above, insert 3(i)(c), 3(i)(d), and 3(i)(e) here renumbered as 3(i)(a), 3(i)(b), and 3(i)(c) respectively]*

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments.

4. Adjustments to the Index

The Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition [15] (*Notices*) of any determination made by it pursuant to paragraph 4.1 or 4.2 below.

4.1 If an Index is:

- (a) not calculated and announced by the relevant Index Sponsor but is calculated and published by a successor sponsor (the **Successor Sponsor**) acceptable to the Calculation Agent; or
- (b) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index,

then in each case that Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.

4.2 If on or prior to any date with respect to which the Calculation Agent is required by this paragraph 2 to determine the level of an Index, the relevant

Index Sponsor or, if applicable, the Successor Sponsor (i) makes or announces that it will make a material change in the formula for or the method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation and other routine events) (an **Index Modification**) or (ii) permanently cancels that Index (an **Index Cancellation**) or (iii) fails to calculate and announce that Index (an **Index Disruption**) and, in each case, paragraph 4.1(a) or 4.1(b) does not apply, then the [Hedging Counterparty] may take any action described in 4.2(a) or 4.2(b) below:

- (a) require the Calculation Agent to determine the level of that Index on that date using, in lieu of a published level for that Index, the level for that Index as at that date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the Index Modification, Index Cancellation or Index Disruption but using only those Index Constituents that comprised that Index immediately prior to the Index Modification, Index Cancellation or Index Disruption; or
- (b) cancel the Instruments by giving notice to Instrumentholders in accordance with General Condition [15] (*Notices*). If the Instruments are so cancelled, the Issuer will pay an amount to each Instrumentholder in respect of each Instrument held by such Instrumentholder which amount shall be the fair market value of a Instrument taking into account the Index Modification, Index Cancellation or Index Disruption, as the case may be, less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Instrumentholders in accordance with General Condition [4] (*Payments, Deliveries, Instrumentholder Expenses and Taxation*).

[INSERT FOR DEUTSCHE BANK PROPRIETARY INDEX, IF APPLICABLE:]

Where provisions for the calculation of an Index are set out in Information Relating to the Underlying attached in Schedule ● to the Final Terms then, for the avoidance of doubt, all the provisions set out in such sections are an integral part of how such Index is calculated and no calculation of such Index pursuant to any such provisions (including, but not limited to, any change in any Applicable Percentage or any operation of the provisions, if any, set out therein) will constitute an Index Modification as referred to above in paragraph 4.1 or necessitate any determination by the Calculation Agent pursuant to this paragraph 4.2.]

- 4.3 The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Instrumentholder of any determination made by it pursuant to this paragraph 4 which occurs on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Instrumentholders copies of any such determinations.

[IF THE DEFINITION OF UNDERLYING OR BASKET IN SCHEDULE 1 INCLUDES A COMMODITY OR COMMODITIES, INSERT THIS SECTION:]

1. *Commodities*

[IF MORE THAN ONE TYPE OF UNDERLYING OR BASKET CONSTITUENT IS SET OUT IN THE DEFINITION OF BASKET OR INSTRUMENTS (A) SECTIONS IN THIS SCHEDULE 3 WILL NEED TO BE RENUMBERED APPROPRIATELY AND (B) THE FOLLOWING SHOULD BE INSERTED:]

This paragraph 1 and the definitions herein shall only apply in relation to any Commodity or Commodities specified in Schedule 1 in the column headed Type of Basket Constituent in the definition of Basket, or in the column headed Type of Underlying in the definition of Instruments, as the case may be. For any Underlying other than a Commodity or Commodities which are specified in such column, other sections of this paragraph 1, if and to the extent applicable, and the definitions therein shall apply.]

2. *Definitions:*

Affiliate is as defined in Schedule 2;

Other Exchange means, with respect to a Commodity, each exchange, trading system or quotation system other than the Reference Source on which such Commodity is listed, traded or quoted;

Reference Currency is as defined in Schedule 2 or, if not defined in Schedule 2, is the Settlement Currency;

Reference Level is as defined in Schedule 2;

Reference Source is as defined in Schedule 1;

Related Exchange means, unless otherwise defined in Schedule 1, with respect to a Commodity, any exchange, trading system or quotation system on which options contracts or futures contracts on such Commodity are traded as determined by the Calculation Agent;

Relevant Country means, each of

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency or the Settlement Currency is the legal tender or currency and
- (ii) any country (or any political or regulatory authority thereof) with which the Commodity, or the Reference Source, has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to such factor(s) as it may deem appropriate,

all as determined by the Calculation Agent.

Relevant Time means, with respect to any Commodity, the relevant time by reference to which the Calculation Agent determines the price or value of such Commodity for the purposes of determining the Reference Level; and

Settlement Currency is as defined in paragraph 33 in the table at the beginning of these Final Terms.

3. *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition 15 if a Market Disruption Event has occurred on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by the Conditions to determine the price or value of a Commodity.

Market Disruption Event means:

[IF THE REFERENCE SOURCE FOR ANY COMMODITY IS AN EXCHANGE, A TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING TWO LINES IF SECTION (II) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- (i) where the Reference Source for any Commodity is an exchange, a trading system or a quotation system as determined by the Calculation Agent,
 - (a) the occurrence or existence on any Trading Day at the Relevant Time for such Commodity or at any time during the one hour period that ends at the Relevant Time for such Commodity:
 - (i) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits permitted by the relevant Reference Source or any Related Exchange or otherwise):
 - (A) of the Commodity on the Reference Source or any Other Exchange; or
 - (B) in options contracts or futures contracts relating to the Commodity on any Related Exchange; or
 - (ii) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in relation to or to obtain market values for the Commodity on the relevant Reference Source or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to such Commodity on any Related Exchange; or
 - (b) the closure on any Trading Day of the Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour prior to (aa) the actual closing time for the regular trading session on such Reference Source or such Related Exchange on such Trading Day or, if earlier, (bb) the submission deadline (if applicable) for orders to be entered into the Reference Source or such Related Exchange system for execution at the Relevant Time on such Trading Day. A **Scheduled Closing Time** is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or

- (c) a general moratorium is declared in respect of banking activities in any Relevant Country; [or]

[INSERT IF THE REFERENCE SOURCE FOR ANY COMMODITY IS LOCATED IN AN EMERGING MARKET COUNTRY:]

- (d) where the Reference Currency is different from the Settlement Currency, the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer and/or any of its Affiliates from:
- (i) converting the Reference Currency into the Settlement Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
 - (ii) converting the Reference Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
 - (iii) delivering the Reference Currency or Settlement Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
 - (iv) transferring the Reference Currency or Settlement Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country; or
- (e) a Relevant Country (a) imposes any controls or announces its intention to impose any controls or (b)(i) implements or announces its intention to implement or (ii) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer and/or any of its Affiliates' ability to acquire, hold, transfer or realise or otherwise to effect transactions in relation to such Commodity,

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments[; and/.]

[IF THE REFERENCE SOURCE FOR ANY COMMODITY IS NOT AN EXCHANGE OR TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:]

[INSERT THE FOLLOWING TWO LINES IF SECTION (I) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:]

- (ii) where the Reference Source for any Commodity is not an exchange, a trading system or a quotation system as determined by the Calculation Agent,]
 - (a) it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of such Commodity by reference to such

Reference Source in the manner specified in the definition of Reference Level in Schedule 2 or in Information relating to the Underlying attached in Schedule ● to the Final Terms , or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise); or

- (b) **[if section (i) is included above, insert:** any event occurs as described in 3(i)(c) **[Insert if the Reference Source for any Commodity is located in an Emerging Market Country:** 3(i)(d) and/or 3(i)(e)] above in relation to such Commodity,**] OR [if section (i) is not included above, insert 3(i)(c), 3(i)(d) and 3(i)(e) here renumbered as 3(i)(a), 3(i)(b) and 3(i)(c) respectively]**

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments.

4. Potential Adjustment Events

If a Potential Adjustment Event occurs or has occurred, the Calculation Agent shall (1) determine the appropriate adjustment, if any, to any one or more of the Conditions; and (2) determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by a Related Exchange to options contracts or futures contracts on the relevant Commodity traded on that Related Exchange.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition 15, stating the adjustment made to the Conditions and giving brief details of the Potential Adjustment Event.

Potential Adjustment Event means any of the following:

- (i) the Commodity is traded on the Reference Source in a different quality or another composition (for example in a different degree of purity or with a different point of origin);
- (ii) any other event or measure as a result of which the Commodity, as traded on the Reference Source, is changed or altered;
- (iii) option contracts or futures contracts on or relating to the Commodity as traded on any Related Exchange are altered in the manner described under paragraphs (i) or (ii) above.

5. Cessation of Trading and Other Termination Event

5.1 Where the Reference Source for such Commodity is an exchange or a trading system or a quotation system, if the Reference Source announces that pursuant to the rules of such Reference Source, such Commodity ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason and is not immediately re-listed, re-traded or re-quoted on an

exchange, trading system or quotation system acceptable to the Calculation Agent (**Cessation of Trading**), or

- 5.2 if, after the occurrence of a Potential Adjustment Event, an adjustment in accordance with paragraph 4 above is, in the determination of the Calculation Agent, for any reason not possible or not reasonably practical (**Other Termination Event**),

the Issuer will cancel the Instruments by giving notice to Instrumentholders in accordance with General Condition 15.

If the Instruments are so cancelled, the Issuer will pay an amount to each Instrumentholder in respect of each Instrument held by such Instrumentholder which amount shall be the fair market value of a Instrument taking into account the Cessation of Trading or Other Termination Event, less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Instrumentholders in accordance with General Condition 15.

Upon the occurrence of such Cessation of Trading or Other Termination Event, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition 15 stating the occurrence of the Cessation of Trading or Other Termination Event. However, Instrumentholders should be aware that there may necessarily be some delay between the time at which any of the above events occur and the time at which it is reported to Instrumentholders.

[IF THE DEFINITION OF UNDERLYING OR BASKET IN SCHEDULE 1 INCLUDES A FOREIGN EXCHANGE RATE OR FOREIGN EXCHANGE RATES, INSERT THIS SECTION:]

1. *Foreign Exchange Rates*

[IF MORE THAN ONE TYPE OF UNDERLYING OR BASKET CONSTITUENT IS SET OUT IN THE DEFINITION OF BASKET OR INSTRUMENTS (A) THE SECTIONS IN THIS SCHEDULE 3 WILL NEED TO BE RENUMBERED APPROPRIATELY AND (B) THE FOLLOWING SHOULD BE INSERTED:]

This paragraph 1 and the definitions herein shall only apply in relation to any Foreign Exchange Rate or Foreign Exchange Rates specified in Schedule 1 in the column headed Type of Basket Constituent in the definition of Basket, or in the column headed Type of Underlying in the definition of Instruments, as the case may be. For any Underlying other than a Foreign Exchange Rate or Foreign Exchange Rates which are specified in such column, other sections of this paragraph 1, if and to the extent applicable, and the definitions therein shall apply.]

2. *Definitions:*

Affiliate is as defined in Schedule 2;

Other Exchange means, with respect to a Rate of Exchange, each exchange, trading system or quotation system other than the Reference Source on which the relevant Rate of Exchange is listed, traded or quoted;

Reference Currency means, with respect to a Rate of Exchange, each currency specified in a Rate of Exchange;

Reference Level is as defined in Schedule 2;

Reference Source is as defined in Schedule 1;

Related Exchange means, unless otherwise defined in Schedule 1, with respect to a Rate of Exchange, any exchange, trading system or quotation system on which options contracts or futures contracts on the relevant Rate of Exchange are traded as determined by the Calculation Agent;

Relevant Country means, with respect to each Rate of Exchange, each of

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency for such Rate of Exchange, or the Settlement Currency is the legal tender or currency; and
- (ii) any country (or any political or regulatory authority thereof) with which a Reference Currency for such Rate of Exchange, or the Reference Source, has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to such factor(s) as it may deem appropriate,

all as determined by the Calculation Agent.

Relevant Time means, with respect to any Rate of Exchange, the relevant time by reference to which the Calculation Agent determines the price or value of such Rate of Exchange for the purposes of determining the Reference Level;

Second Currency means the currency appearing in the second position in a Rate of Exchange; and

Settlement Currency is as defined in paragraph 33 in the table at the beginning of these Final Terms.

3. *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition 15 if a Market Disruption Event has occurred on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by the Conditions to determine the price or value of a Rate of Exchange in the Settlement Currency.

Market Disruption Event means:

[IF THE REFERENCE SOURCE FOR ANY RATE OF EXCHANGE IS AN EXCHANGE, A TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING TWO LINES IF SECTION (II) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- (i) where the Reference Source for any Rate of Exchange is an exchange, a trading system or a quotation system as determined by the Calculation Agent,
 - (a) the occurrence or existence on any Trading Day at the Relevant Time for such Rate of Exchange or at any time during the one hour period that ends at the Relevant Time for such Rate of Exchange:
 - (i) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits permitted by the relevant Reference Source or any Related Exchange or otherwise):
 - (A) of a Second Currency, for its conversion into the relevant First Currency, on the Reference Source or any Other Exchange; or
 - (B) in options contracts or futures contracts relating to a Second Currency, for its conversion into the relevant First Currency, on any Related Exchange; or
 - (ii) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in relation to or to obtain market values for a Second Currency, for its conversion into the relevant First Currency, on the relevant Reference Source or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to such Second Currency, for its conversion into the First Currency, on any Related Exchange; or
 - (b) the closure on any Trading Day of the Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour prior to (aa) the actual closing time for the regular trading session on such Reference Source or such Related Exchange on such Trading Day or, if earlier, (bb) the submission deadline (if applicable) for orders to be entered into the Reference Source or such Related Exchange system for execution at the Relevant Time on such Trading Day. A **Scheduled Closing Time** is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or
 - (c) a general moratorium is declared in respect of banking activities in any Relevant Country; [or]

[INSERT IF THE REFERENCE SOURCE FOR ANY RATE OF EXCHANGE IS LOCATED IN AN EMERGING MARKET COUNTRY:]

- (d) the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer and/or any of its Affiliates from:

- (i) converting a Second Currency into the relevant First Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
 - (ii) converting a Second Currency into the relevant First Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
 - (iii) delivering a First Currency or Second Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
 - (iv) transferring a First Currency or Second Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country; or
- (e) a Relevant Country (a) imposes any controls or announces its intention to impose any controls or (b)(i) implements or announces its intention to implement or (ii) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer and/or any of its Affiliates' ability to acquire, hold, transfer or realise or otherwise to effect transactions in relation to such Rate of Exchange,

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments[; and/.]

[IF THE REFERENCE SOURCE FOR ANY RATE OF EXCHANGE IS NOT AN EXCHANGE OR TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING TWO LINES IF SECTION (I) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- (ii) where the Reference Source for any Rate of Exchange is not an exchange, a trading system or a quotation system as determined by the Calculation Agent,]
 - (a) it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of a Second Currency in the relevant First Currency by reference to such Reference Source in the manner specified in the definition of Reference Level in Schedule 2 or in Information relating to the Underlying attached in Schedule ● to the Final Terms , or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise); or
 - (b) *[if section (i) is included above, insert: any event occurs as described in 3(i)(c) [Insert if the Reference Source for any Rate of Exchange is located in an Emerging Market Country:, 3(i)(d) and/or 3(i)(e)] above in*

relation to such Rate of Exchange,] **OR** [if section (i) is not included above, insert 3(i)(c), 3(i)(d) and 3(i)(e) here renumbered as 3(i)(a), 3(i)(b) and 3(i)(c) respectively]

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments.

4. **Adjustment Event**

If a Second Currency is, in its function as legal tender, in the country or jurisdiction, or countries or jurisdictions, maintaining the authority, institution or other body which issues such Reference Currency, replaced by another currency, or merged with another currency to become a common currency (such replacing or merged currency the **New Reference Currency**) and the provisions of paragraph 4 or of General Condition 10 do not apply, such Second Currency shall, within the Rate of Exchange, be replaced by the New Reference Currency (such exchange rate the **New Rate of Exchange**), provided that the New Rate of Exchange shall be calculated on the basis of the number of units of the New Reference Currency determined by the conversion of the number of units of the Second Currency used for the determination of the previous Rate of Exchange into the New Reference Currency using the exchange rate applicable to such conversion, all as determined by the Calculation Agent.

5. **Termination Events**

If a Reference Currency ceases, for any reason, to be legal tender in the country or jurisdiction, or countries or jurisdictions, maintaining the authority, institution or other body which issues such Reference Currency, and the provisions of paragraph 4 or of General Condition 10 do not apply, or if an adjustment in accordance with paragraph 4 is, in the determination of the Calculation Agent, for any reason not possible or not reasonably practical, or

where the Reference Source for any Rate of Exchange is an exchange or a trading system or a quotation system, if the Reference Source announces that pursuant to the rules of such Reference Source, the exchange rate between the relevant First Currency and Second Currency ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason and is not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Calculation Agent (**Cessation of Trading**),

(each such event a **Termination Event**), the Issuer will cancel the Instruments by giving notice to Instrumentholders in accordance with General Condition 15.

If the Instruments are so cancelled, the Issuer will pay an amount to each Instrumentholder in respect of each Instrument held by such Instrumentholder which amount shall be the fair market value of a Instrument taking into account the relevant Termination Event, less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Instrumentholders in accordance with General Condition 15.

Upon the occurrence of such Termination Event, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition 15 stating the occurrence of the Termination Event. However, Instrumentholders should be aware that there may necessarily be some delay between the time at which any of the above events occur and the time at which it is reported to Instrumentholders.

[IF THE DEFINITION OF UNDERLYING OR BASKET IN SCHEDULE 1 INCLUDES A DEBT SECURITY OR DEBT SECURITIES, INSERT THIS SECTION:]

1. *Debt Securities*

[IF MORE THAN ONE TYPE OF UNDERLYING OR BASKET CONSTITUENT IS SET OUT IN THE DEFINITION OF BASKET OR INSTRUMENTS (A) THE SECTIONS IN THIS SCHEDULE 3 WILL NEED TO BE RENUMBERED APPROPRIATELY AND (B) THE FOLLOWING SHOULD BE INSERTED:]

This paragraph 1 and the definitions herein shall only apply in relation to any Debt Security or Debt Securities specified in Schedule 1 in the column headed Type of Basket Constituent in the definition of Basket, or in the column headed Type of Underlying in the definition of Instruments, as the case may be. For any Underlying other than a Debt Security or Debt Securities which are specified in such column, other sections of this paragraph 1, if and to the extent applicable, and the definitions therein shall apply.]

2. *Definitions:*

Affiliate is as defined in Schedule 2;

Reference Level is as defined in Schedule 2;

Reference Source is as defined in Schedule 1;

Related Exchange means, unless otherwise defined in Schedule 1, with respect to a Debt Security, any exchange, trading system or quotation system on which options contracts or futures contracts on the relevant Debt Security are traded as determined by the Calculation Agent;

Underlying Issuer means the entity specified as the issuer of the Debt Security or Debt Securities in the definition of Underlying in Schedule 1.

3. *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition 15 if a Market Disruption Event has occurred on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by the Conditions to determine the price or value of a Debt Instrument in the Settlement Currency.

Market Disruption Event means:

- (a) [the Calculation Agent is unable to obtain from dealers at least three firm offer price quotations on the Initial Reference Valuation Date or, as the case may be, three firm bid price quotations on any other Trading Day, as and when

required by the provisions of Schedule 2 [it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price of the Underlying by reference to the Reference Source (including, without limitation, due to non-publication of such price on the Reference Source)]; or

- (b) [any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in relation to or to obtain market values for the Underlying or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to the Underlying on any Related Exchange],

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments.

4.. Adjustment/Early Termination Events

If an Adjustment/Early Termination Event occurs or has occurred in relation to the Debt Securities, the Issuer may take any action described in 4.1 or 4.2 below:

- 4.1. require the Calculation Agent to determine in its discretion the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Adjustment/Early Termination Event and determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Adjustment/Early Termination Event made by any Related Exchange to options on the Debt Securities traded on that Related Exchange; or

- 4.2 cancel the Instruments by giving notice to Instrumentholders in accordance with General Condition 15. If the Instruments are so cancelled, the Issuer will pay an amount to each Instrumentholder in respect of each Instrument held by such Instrumentholder which amount shall be the fair market value of an Instrument taking into account the relevant Adjustment/Early Termination Event less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Instrumentholders in accordance with General Condition 15.

As used herein:

Adjustment/Early Termination Event means any of:

- (a) an Insolvency or a Succession Event with respect to the Underlying Issuer; and/or
- (b) a Failure to Pay, an Acceleration [or] a Termination [or a Reference Source Event] with respect to the Debt Securities; and/or
- (c) the terms and conditions of the Debt Securities are amended or the Debt Securities are converted into, or exchanged for, other securities or assets.

If an occurrence would otherwise constitute a Insolvency, an Acceleration or a Failure to Pay, such occurrence will constitute the relevant Adjustment/Early Termination Event whether or not such occurrence arises directly or indirectly from, or is subject to a defence based upon: (a) any lack or alleged lack of authority or capacity of the Underlying Issuer to issue the Debt Securities, (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to the Debt Securities, however described, (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described, or (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described;

Insolvency means the Underlying Issuer (a) is dissolved (other than pursuant to a Succession Event); (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof; (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a Succession Event); (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter; or (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (a) to (g) (inclusive);

Failure to Pay means, after the expiration of any applicable grace period (after the satisfaction of any conditions precedent to the commencement of such grace period), the failure by the Underlying Issuer to make, when and where due, any payments under the Debt Securities, in accordance with the terms thereof at the time of such failure;

Acceleration means all or part of the Debt Securities have become due and payable before it would otherwise have become due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (howsoever described), other than a failure to make any payment;

[Reference Source Event means [the Reference Source no longer publishes the price or value of the Debt Securities and/or the Debt Securities is no longer a constituent of an index calculated and announced by [●]];]

Succession Event means the merger, de-merger (whether by voluntary exchange of obligations or otherwise), consolidation, amalgamation, or other similar event affecting the Underlying Issuer whether by operation of law or pursuant to any agreement; and

Termination means, in the sole discretion of the Calculation Agent, the aggregate amounts due under the Underlying on any date have been materially reduced (by redemption or otherwise) compared to the aggregate amounts due under the Debt Securities on the Issue Date.]

SCHEDULE 4 TO THE FINAL TERMS
PRODUCT SPECIFIC RISK FACTORS

[TO BE ADDED WHERE RELEVANT TO A PARTICULAR PRODUCT ONLY]

[Hedge Funds and other Alternative Investment Funds

The Underlying may comprise or be linked to hedge funds and other alternative investment funds (each an **Alternative Investment Fund**). The following is a non-exhaustive list of the risks associated with investing in Alternative Investment Funds.

Trading Advisor: The performance of an Alternative Investment Fund will depend on the performance of the investments selected by the relevant trading advisor (the **Trading Advisor** in respect of an Alternative Investment Fund is the entity which provides investment management services to the Alternative Investment Fund) and, to a great extent, upon the expertise of key individuals associated with the day-to-day operations of the Trading Advisor. Any withdrawal or other cessation of investment activities on behalf of the Trading Advisor by any of these individuals could result in losses and/or the termination or the dissolution of the relevant Alternative Investment Fund. The investment strategy, investment restrictions and investment objectives of an Alternative Investment Fund give its Trading Advisor considerable discretion to invest the assets thereof and there can be no guarantee that the Trading Advisor's investment decisions will be profitable or will effectively hedge against the risk of market or other conditions causing the value of the relevant Alternative Investment Fund to decline. A Trading Advisor will receive performance related fees, which may be substantial. The manner of calculating such fees may create an incentive for the Trading Advisor to make investments that are riskier or more speculative than would be the case if such fees were not paid to the Trading Advisor. In addition, since the performance fees may be calculated on a basis that includes both unrealised and realised gains on the relevant Alternative Investment Fund's assets, such fees may be greater than if they were based solely on realised gains.

Lack of segregation of assets: A prime broker (which may be Deutsche Bank AG London or an affiliate thereof) will be, or will have been, appointed in relation to an Alternative Investment Fund and will accordingly be responsible for custody, clearing, financing and reporting services with respect to the securities transactions entered into by the relevant Trading Advisor. Where investments by an Alternative Investment Fund are classified by the relevant prime broker as collateral, they may not be segregated by such prime broker from its own investments. As a result, such investments may be available to the creditors of such prime broker in the event of its insolvency and the relevant Alternative Investment Fund may lose some or all of its interest in such investments.

Hedging risks: A Trading Advisor may utilise warrants, futures, forward contracts, swaps, options and other derivative instruments involving securities, currencies, interest rates, commodities and other asset categories (and combinations of the foregoing) for the purposes of establishing "market neutral" arbitrage positions as part of its trading strategies and to hedge against movements in the capital markets. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions may also limit the opportunity for gain if the value of the portfolio position should increase. Moreover, it may not always be possible for the Trading Advisor to execute hedging transactions, or to do so at prices, rates or levels advantageous to the Alternative Investment Fund. The success of any hedging transactions will be subject to the movements in the direction of securities prices and currency and

interest rates, and stability or predictability of pricing relationships. Therefore, while an Alternative Investment Fund might enter into such transactions to reduce currency exchange rate and interest rate risks, unanticipated changes in currency or interest rates may result in poorer overall performance for the Alternative Investment Fund than if it had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Moreover, for a variety of reasons, the relevant Trading Advisor may not be able to, or may not seek to, establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. An imperfect correlation may prevent an Alternative Investment Fund from achieving the intended hedge or expose an Alternative Investment Fund to risk of loss.

Leverage: Alternative Investment Funds may be able to borrow (or employ leverage) without limitation and may utilise various lines of credit and other forms of leverage, including swaps and repurchase agreements. While leverage presents opportunities for increasing an Alternative Investment Fund's total return, it has the effect of potentially increasing losses as well. If income and appreciation on investments made with borrowed funds are less than the required interest payments on the borrowings, the value of the Alternative Investment Fund will decrease. Additionally, any event which adversely affects the value of an investment by an Alternative Investment Fund would be magnified to the extent such Alternative Investment Fund is leveraged. The cumulative effect of the use of leverage by an Alternative Investment Fund in a market that moves adversely to such Alternative Investment Fund's investments could result in a substantial loss to the Alternative Investment Fund that would be greater than if the Alternative Investment Fund were not leveraged. Furthermore, any use by the Alternative Investment Fund of swaps and other derivatives to gain exposure to certain Alternative Investment Funds will leverage the Alternative Investment Fund's assets, and subject it to the risks described above. Two further specific risks are:

- (1) *interest rates:* interest rates and changes in interest rates may affect the Net Asset Value of the Alternative Investment Fund index if the relevant Trading Advisor employs leverage. The level of interest rates generally, and the rates at which the relevant Alternative Investment Fund can borrow, will affect its returns and therefore the Alternative Investment Fund index; and
- (2) *operational and market risks:* small hedging errors may be amplified by leverage into major duration imbalances that render an investment exposed to directional shifts in the yield curve and may lead to a total loss of the leveraged investment. Hedges may fail to track target investments due to uncorrelated changes in spreads between various instruments, resulting in large unexpected losses. In addition, it is operationally difficult to manage a leveraged portfolio of complex instruments, not only because positions must be monitored for asset performance, but also because prices must be determined and valuation disputes with counterparties resolved to ensure adequate maintenance of collateral for hedging or funding contracts. Failure to do so can lead to defaults on margin maintenance requirements and can expose an Alternative Investment Fund to the withdrawal of credit lines necessary to fund asset positions.

Risks associated with the use of margin borrowings: A Trading Advisor's anticipated use of short-term margin borrowings will result in certain additional risks to the Alternative Investment Fund. For example, if securities pledged to brokers to secure an Alternative Investment Fund's margin accounts decline in value, such Alternative Investment Fund could be subject to a "margin call", pursuant to which it must either deposit additional funds with the managed account for subsequent deposit with the broker or be subject to mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the relevant Alternative Investment Fund's assets, the Trading Advisor might not be able to liquidate assets quickly enough to pay off the

margin debt. In such a case, the relevant prime broker may liquidate additional assets of the Alternative Investment Fund, in its sole discretion, in order to satisfy such margin debt. The premiums for certain options traded on non-US exchanges may be paid for on margin. If the Trading Advisor sells an option on a futures contract from the relevant managed account, it may be required to deposit margin in an amount equal to the margin requirement established for the futures contract underlying the option and, in addition, an amount substantially equal to the premium for the option. The margin requirements imposed on the writing of options, although adjusted to reflect the probability that out-of-the-money options will not be exercised, can in fact be higher than those imposed in dealing in the futures markets directly. Whether any margin deposit will be required for over-the-counter options will depend on the agreement of the parties to the transaction.

Low credit quality securities: The Alternative Investment Fund indices may include Alternative Investment Funds which may make particularly risky investments that also may offer the potential for correspondingly high returns. As a result, an Alternative Investment Fund may lose all or substantially all of its investment in any particular instance. In addition, there is no minimum credit standard which is a prerequisite to an Alternative Investment Fund's investment in any security. The debt securities in which an Alternative Investment Fund is permitted to invest may be rated lower than investment grade and hence may be considered to be "junk bonds" or distressed securities.

Distressed securities: Alternative Investment Funds may invest in securities of US and non-US issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, or that are involved in bankruptcy or reorganisation proceedings. Investments of this type may involve substantial financial and business risks that can result in substantial or, at times, even total losses. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and a court's power to disallow, reduce, subordinate or disenfranchise particular claims. The market prices of such securities are also subject to abrupt and erratic market movements and above-average price volatility, and the spread between the bid and asked prices of such securities may be greater than those prevailing in other securities markets. It may take a number of years for the market price of such securities to reflect their intrinsic value. In liquidation (both in and out of bankruptcy) and other forms of corporate reorganisation, there exists the risk that the reorganisation will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution to the Alternative Investment Fund of cash or a new security the value of which will be less than the purchase price of the security in respect of which such distribution was made.

Derivatives: Certain Alternative Investment Funds may invest in complex derivative instruments which seek to modify or replace the investment performance of particular securities, commodities, currencies, interest rates, indices or markets on a leveraged or unleveraged basis. These instruments generally have counterparty risk and may not perform in the manner expected by the counterparties, thereby resulting in greater loss or gain to the investor. These investments are all subject to additional risks that can result in a loss of all or part of an investment, in particular, interest rate and credit risk, volatility, world and local market price and demand, and general economic factors and activity. Derivatives may have very high leverage embedded in them that can substantially magnify market movements and result in losses greater than the amount of the investment. The Alternative Investment Funds may also buy or sell options on a variety of underlying assets. Risk of writing (selling) options is unlimited in that the writer of the option must purchase (in the case of a put) or sell (in the

case of a call) the underlying security at a certain price upon exercise. There is no limit on the price an Alternative Investment Fund may have to pay to meet its obligations as an option writer. As assets that can have no value at their expiration, options can introduce a significant additional element of leverage and risk to an Alternative Investment Fund's market exposure. The use of certain options strategies can subject an Alternative Investment Fund to investment losses that are significant even in the context of positions for which the relevant Trading Advisor has correctly anticipated the direction of market prices or price relationships.

Special risks associated with trading in over-the-counter derivatives: Some of the markets in which an Alternative Investment Fund may effect derivative transactions are "over-the-counter" or "interdealer" markets, which may be illiquid and are sometimes subject to larger spreads than exchange-traded derivative transactions. The participants in such markets are typically not subject to credit evaluation and regulatory oversight, which would be the case with members of "exchange-based" markets. This exposes the Alternative Investment Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in "exchange-based" markets. These factors may cause an Alternative Investment Fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise. Such "counterparty risk" is present in all swaps, and is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Alternative Investment Fund has concentrated its transactions with a single or small group of counterparties. An Alternative Investment Fund generally is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. In addition, if a Trading Advisor engages in such over-the-counter transactions, the relevant Alternative Investment Fund will be exposed to the risk that the counterparty (usually the relevant prime broker) will fail to perform its obligations under the transaction. The valuation of over-the-counter derivative transactions is also subject to greater uncertainty and variation than that of exchange-traded derivatives. The "replacement" value of a derivative transaction may differ from the "liquidation" value of such transaction, and the valuations provided by an Alternative Investment Fund's counterparty to such transactions may differ from the valuations provided by a third party or the value upon liquidation of the transaction. Under certain circumstances it may not be possible for an Alternative Investment Fund to obtain market quotations for the value of an over-the-counter derivatives transaction. An Alternative Investment Fund may also be unable to close out or enter into an offsetting over-the-counter derivative transaction at a time it desires to do so, resulting in significant losses. In particular, the closing-out of an over-the-counter derivative transaction may only be effected with the consent of the counterparty to the transaction. If such consent is not obtained, an Alternative Investment Fund will not be able to close out its obligations and may suffer losses.

Illiquid investments: Certain Alternative Investment Funds may make investments which are subject to legal or other restrictions on transfer or for which no liquid market exists, such as private placements. The market prices, if any, of such investments tend to be more volatile and it may be impossible to sell such investments when desired or to realise their fair value in the event of a sale. Moreover, securities in which an Alternative Investment Fund may invest include those that are not listed on a stock exchange or traded in an over-the-counter market. As a result of the absence of a public trading market for these securities, they are likely to be less liquid than publicly traded securities. There may be substantial delays in attempting to sell non-publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realised from these sales could be less than those originally paid. Furthermore, companies whose securities are not registered or publicly

traded are not subject to the disclosure and other investor protection requirements which would be applicable if their securities were registered or publicly traded. In addition, futures positions may become illiquid because, for example, most US commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Futures contract prices in various commodities occasionally have exceeded the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent a Trading Advisor from promptly liquidating unfavourable positions and subject the relevant Alternative Investment Fund to substantial losses. In addition, an exchange or regulatory authority may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. The illiquidity of positions may result in significant unanticipated losses.

Legal and regulatory risks: Legal and regulatory changes could adversely affect an Alternative Investment Fund. Regulation of investment vehicles such as an Alternative Investment Fund, and of many of the investments a Trading Advisor is permitted to make on behalf of an Alternative Investment Fund, is still evolving and therefore subject to change. In addition, many governmental agencies, self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The effect of any future legal or regulatory change on an Alternative Investment Fund is impossible to predict, but could be substantial and adverse.

Short-selling: An Alternative Investment Fund may engage in short selling transactions. A short sale involves the sale of a security that the seller does not own in the hope of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the Alternative Investment Fund must borrow the security and is obligated to return the security to the lender, which is accomplished by a later purchase of the security. The Alternative Investment Fund realises a profit or a loss as a result of a short sale if the price of the security decreases or increases respectively between the date of the short sale and the date on which the Alternative Investment Fund covers its short position, i.e., purchases the security to replace the borrowed security. A short sale involves the theoretically unlimited risk of an increase in the market price of the security that would result in a theoretically unlimited loss.

Commodity Futures: Commodity futures markets are highly volatile. Alternative Investment Funds investing in these commodity markets must be able to analyse correctly such markets, which are influenced by, among other things, changing supply and demand relationships, weather, governmental, agricultural, commercial and trade programs and policies designed to influence commodity prices, world political and economic events, and changes in interest rates. Moreover, investments in futures and options contracts involve additional risks including, without limitation, leverage (margin is usually only 5-15 per cent. of the face value of the contract and exposure can be nearly unlimited). An Alternative Investment Fund's futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent an Alternative Investment Fund from promptly liquidating unfavourable positions and subject it to substantial losses.

Alternative Investment Fund compensation: An Alternative Investment Fund typically

provides for a performance fee or allocation, over and above a basic advisory fee, to its general partner, Trading Advisor or person serving in an equivalent capacity. Performance fees or allocations could create an incentive for a Trading Advisor to choose riskier or more speculative underlying investments than would otherwise be the case.

"Soft Dollar" payments: In selecting brokers, banks and dealers to effect transactions on behalf of an Alternative Investment Fund, the relevant Trading Advisor may consider such factors as price, the ability of the brokers, banks and dealers to effect transactions promptly and reliably, their facilities, the operational efficiency with which transactions are effected, their financial strength, integrity and stability and the competitiveness of commission rates in comparison with other brokers, banks and dealers, as well as the quality, comprehensiveness and frequency of any products or services provided, or expenses paid, by such brokers, banks and dealers. Products and services may include research items used by the Trading Advisor in making investment decisions, and expenses may include general overhead expenses of the Trading Advisor. Such "soft dollar" benefits may cause an Alternative Investment Fund manager to execute a transaction with a specific broker, bank, or dealer even though it may not offer the lowest transaction fees. A Trading Advisor is not required to (i) obtain the lowest brokerage commission rates or (ii) combine or arrange orders to obtain the lowest brokerage commission rates on its brokerage business. If a Trading Advisor determines that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and research products or services provided by such broker, it may execute transactions for which such broker's commissions are greater than the commissions another broker might charge. Such brokerage commissions may be paid to brokers who execute transactions for the relevant managed account and which supply, pay for or rebate a portion of the Alternative Investment Fund's brokerage commissions to Alternative Investment Funds for payment of the cost of property or services (such as research services, telephone lines, news and quotation equipment, computer facilities and publications) utilised by the relevant Trading Advisor or its affiliates. A Trading Advisor will have the option to use "soft dollars" generated by its investment activities to pay for the property and services described above. The term "soft dollars" refers to the receipt by a Trading Advisor of property and services provided by brokers (or futures commission merchants in connection with futures transactions) without any cash payment by such Trading Advisor based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the Trading Advisor. A Trading Advisor will consider the amount and nature of research services provided by brokers, as well as the extent to which such services are relied upon, and will attempt to allocate a portion of the brokerage business of the relevant managed account on the basis of those considerations.

Highly volatile markets: The prices of commodities contracts and all derivative instruments, including futures and options prices, are highly volatile. Price movements of forward contracts, futures contracts, and other derivative contracts in which Alternative Investment Funds may invest are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and U.S. and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. Alternative Investment Funds also are subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearing houses.

Investments in non-US and non-EU markets: A Trading Advisor may invest in securities of issuers that are not located, or subject to regulation, in the United States or the European Union, that are not USD-, GBP- or euro-denominated and that are not traded in the United

States or the European Union. Such investments involve certain special risks, including risks associated with political and economic uncertainty, adverse governmental policies, restrictions on foreign investment and currency convertibility, currency exchange rate fluctuations, possible lower levels of disclosure and regulation, and uncertainties as to the status, interpretation and application of laws, including, but not limited to, those relating to expropriation, nationalisation and confiscation. Companies not located in the United States or the European Union are also not generally subject to uniform accounting, auditing and financial reporting standards, and auditing practices and requirements may not be comparable to those applicable to United States and European Union companies. Further, prices of securities not traded in the United States or the European Union, especially those securities traded in emerging or developing countries, tend to be less liquid and more volatile. In addition, settlement of trades in some such markets may be much slower and more subject to failure than in United States or European Union markets. An investment outside the United States and the European Union could impose additional costs on the relevant managed account. Brokerage commissions generally are higher outside the United States and the European Union and currency conversion costs could be incurred when a Trading Advisor changes investments from one country to another. Increased custodian costs as well as administrative difficulties (such as the applicability of laws of non-US and non-EU jurisdictions to non-US and non-EU custodians in various circumstances, including bankruptcy, ability to recover lost assets, expropriation, nationalisation and record access) may also arise from the maintenance of assets in jurisdictions outside the United States and the European Union.

Special risks associated with trading in forward contracts: Alternative Investment Funds may engage in forward trading. Forward contracts, unlike futures contracts, are not traded on exchanges and are not standardised, rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have been unable to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Alternative Investment Funds due to unusually high trading volume, political intervention or other factors. Market illiquidity or disruption could result in major losses to an Alternative Investment Fund.

Concentration of investments: Although an Alternative Investment Fund's investments may be diversified the Trading Advisor in respect of an Alternative Investment Fund may invest such Alternative Investment Fund's assets in a limited number of investments that may be concentrated in a few countries, industries, sectors of an economy or issuers. As a result, although investments by Alternative Investment Funds may be diversified, the negative impact on the value of the relevant Alternative Investment Fund from adverse movements in a particular country, economy or industry or in the value of the securities of a particular issuer could be considerably greater than if such Alternative Investment Fund were not permitted to concentrate its investments to such an extent.

Turnover: Alternative Investment Funds may invest on the basis of certain short-term market considerations. As a result, the turnover rate within Alternative Investment Funds is expected to be significant, potentially involving substantial brokerage commissions, fees and other transaction costs.

Operational and human error: The success of an Alternative Investment Fund depends in part upon the relevant Trading Advisor's accurate calculation of price relationships, the

communication of precise trading instructions and ongoing position evaluations. In addition, a Trading Advisor's strategies may require active and ongoing management of durations and other variables, and dynamic adjustments to an Alternative Investment Fund's positions. There is the possibility that, through human error, oversight or operational weaknesses, mistakes could occur in this process and lead to significant trading losses and an adverse effect on the relevant net asset value.

Reliability of valuations: Alternative Investment Funds are valued pursuant to the Alternative Investment Fund's instrument governing such valuations. As a general matter, the governing instruments of Alternative Investment Funds provide that any securities or investments which are illiquid, not traded on an exchange or in an established market or for which no value can be readily determined, will be assigned such fair value as the respective investment managers may determine in their judgement based on various factors. Such factors include, but are not limited to, aggregate dealer quotes or independent appraisals. Such valuations may not be indicative of what actual fair market value would be in an active, liquid or established market.]

[Futures and Options

The Underlying may comprise or be linked to futures and/or options.

There are special risk considerations associated with an Underlying of which the performance is linked to futures, options or other derivative contracts. Depending on the nature of the underlying assets, reference rates or other derivatives to which they relate and on the liquidity in the relevant contract, the prices of such instruments may be highly volatile and hence risky in nature.]

[CTA Deposits

The Underlying may comprise or be linked to CTA Deposits.

A CTA Deposit is a margin investment account held with a bank and managed by a Commodity Trading Adviser registered with the US Commodity Futures Trading Commission or any other relevant regulatory authority, under terms that the Commodity Trading Adviser may engage in trading on a margin (leveraged or geared) basis in a variety of liquid financial instruments including listed and unlisted futures, forwards and options relating to a variety of asset classes including but not limited to interest rates, fixed income securities, commodities, currencies and equities (and may also engage in trading directly in a number of such asset classes). Accordingly the risks relating to an exposure directly or indirectly to CTA Deposits will be a complicated function of the risks associated with the underlying asset class, the risks associated with the derivative or other instrument by which such exposure is assumed and the level of gearing.]

[Structured Finance Securities

The Underlying may comprise or be linked to structured finance securities.

Structured finance securities include, without limitation, asset-backed securities and portfolio credit-linked notes.

Asset-backed securities are securities primarily serviced, or secured, by the cash flows of a pool of receivables (whether present or future) or other underlying assets, either fixed or revolving. Such underlying assets may include, without limitation, residential and commercial mortgages, leases, credit card receivables as well as consumer and corporate debt. Asset-backed securities can be structured in different ways, including "true sale" structures, where the underlying assets are transferred to a special purpose entity, which in turn issues the asset-backed securities, and "synthetic" structures, in which not the assets, but only the credit risks associated with them are transferred through the use of derivatives, to a special purpose entity, which issues the asset-backed securities.

Portfolio credit-linked notes are securities in respect of which the payment of principal and interest is linked directly or indirectly to one or more managed or unmanaged portfolios of reference entities and/or assets (**reference credits**). Upon the occurrence of a credit-related trigger event (**credit event**) with respect to a reference credit (such as a bankruptcy or a payment default), a loss amount will be calculated (equal to, for example, the difference between the par value of an asset and its recovery value).

Asset-backed securities and portfolio credit-linked notes are usually issued in different tranches. Any losses realised in relation to the underlying assets or, as the case may be, calculated in relation to the reference credits are allocated first to the securities of the most junior tranche, until the principal of such securities is reduced to zero, then to the principal of the next lowest tranche, and so forth.

Accordingly, in the event that (a) in relation to asset-backed securities, the underlying assets do not perform and/or (b) in relation to portfolio credit-linked notes, any one of the specified credit events occurs with respect to one or more of the underlying assets or reference credits, this may affect the value of the relevant securities (which may be zero) and any amounts paid on such securities (which may be zero). This may in turn affect the value or amounts payable in respect of the Instruments. In addition the value of structured finance securities from time to time, and consequently the value or amounts payable in respect of the Instruments, may be adversely affected by macro economic factors such as adverse changes affecting the sector to which the underlying assets or reference credits belong (including industry sectors, services and real estate), economic downturns in the respective countries or globally, as well as circumstances related to the nature of the individual assets (for example, project finance loans are subject to risks connected to the respective project). The implications of such negative effects thus depend heavily on the geographic, sector-specific and type-related concentration of the underlying assets or reference credits. The degree to which any particular asset-backed security or portfolio credit-linked note is affected by such events will depend on the tranche to which such security relates; junior tranches, even having received investment grade rating, can therefore be subject to substantial risks.

Exposure to structured finance securities may entail a higher liquidity risk than exposure to sovereign or corporate bonds. In the absence of a liquid market for the respective structured finance securities, they may only be traded at a discount from face value and not at the fair value, which may in turn affect the value or amounts payable in respect of the Instruments.]

[Real Estate

The Underlying may comprise or be linked to real estate assets.

There are special risk considerations associated with an Underlying of which the performance is linked to securities of companies principally engaged in the real estate industry. These include: the cyclical nature of real estate values, risks related to general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, demographic trends and variations in rental income, changes in zoning laws, casualty or condemnation losses, environmental risks, regulatory limitations on rents, changes in neighbourhood values, related party risks, changes in the appeal of properties to tenants, increases in interest rates and other real estate capital market influences. Generally, increases in interest rates will increase the costs of obtaining financing, which could directly and indirectly decrease the value of the Underlying and thus the value or amounts payable in respect of the Instruments.]

[Commodities

The Underlying may comprise or be linked to commodities.

Prices of commodities are influenced by, among other things, various macro economic factors such as changing supply and demand relationships, weather conditions and other

natural phenomena, agricultural, trade, fiscal, monetary, and exchange control programmes and policies of governments (including government intervention in certain markets) and other unforeseeable events.]

[Emerging Market Assets

The Underlying may comprise or be linked to emerging market assets.

Exposure to emerging markets assets generally entails greater risks than exposure to well-developed markets, including potential significant legal economic and political risks.

Emerging markets are by definition "in transformation" and are therefore exposed to the risk of swift political changes and economic downturn. In recent years, many emerging market countries have undergone significant political, economic and social change. In many cases, political concerns have resulted in significant economic and social tensions and in some cases both political and economic instability has occurred. Political or economic instability may affect investor confidence, which could in turn have a negative impact on the prices of emerging market exchange rates, securities or other assets.

The prices of emerging market exchange rates, securities or other assets are often highly volatile. Movements in such prices are influenced by, among other things, interest rates, changing market supply and demand, external market forces (particularly in relation to major trading partners), trade, fiscal, monetary programmes, policies of governments, and international political and economic events and policies.

In emerging markets, the development of securities markets usually is at an early stage. This could lead to risks and practices (such as increased volatility) that are not common in more developed securities markets, which may negatively affect the value of securities listed on the exchanges of such countries. In addition, markets of emerging market countries are often characterised by illiquidity in the form of a low turnover of some of the listed securities.

It is important to note that, during times of global economic slowdown, emerging market exchange rates, securities and other assets are more likely than other forms of investment with lower risks to be sold during any "flight to quality", and their value may decrease accordingly.]

ANNEX 2
FORM OF FINAL TERMS FOR CERTIFICATES

FORM OF FINAL TERMS - CERTIFICATES

Set out below is the form of Final Terms for each Tranche of Instruments which will contain such of the following information (which may be modified in relation to any particular issue of Instruments by agreement between the Issuer, the Principal Agent and the relevant Dealer(s)) as is applicable in respect of such Instruments.

Final Terms dated [●]

PALLADIUM SECURITIES 1 S.A.

(incorporated as a public limited liability company (*société anonyme*) under the laws of the Grand Duchy of Luxembourg, registered with the Luxembourg trade and companies register under number B.103036 and subject to the Luxembourg act dated 22 March 2004 on securitisation)

[Currency] [Aggregate Issue Amount] [Description of Instruments] (together Instruments)
[due [Date]]

Issue Price: [[Insert price] per Instrument]/[●] per cent.]

Programme for the issuance of Debt Instruments and Beneficiary Shares

PART A – CONTRACTUAL TERMS

By subscribing to, or otherwise acquiring, the Instruments, the holders of the Instruments (i) expressly accept, and shall be deemed to be bound by, the provisions of the Luxembourg act dated 22nd March, 2004 on securitisation (the **Securitisation Act 2004**) and in particular the provisions on limited recourse, no petition, subordination, waterfall and priority of payments as included in the General Conditions, the Prospectus, these Final Terms and any Supplement relating to the Instruments and (ii) expressly accept the creation of a separate compartment relating to the Instruments.

Terms used herein shall be deemed to be as defined in the General Conditions set out in the Base Prospectus dated [●], 2005 which constitutes two base prospectuses (each a **Base Prospectus** for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**), one in respect of asset backed securities issued by the Issuer, and one in respect of warrants issued by the Issuer. This document constitutes the Final Terms of the Instruments described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the relevant Base Prospectus comprised in the Prospectus. Full information on the Issuer and the offer of the Instruments is only available on the basis of the combination of these Final Terms and the Base Prospectus (as supplemented from time to time). The Prospectus is available for viewing at [address] and [website] and copies may be obtained from [address].

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italicised text denotes directions for completing these Final Terms.]

[When adding any other final terms or information in Part A or in relation to disclosure relating to the interests of natural and legal persons involved in the issue/offer in Part B consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive, the publication of which would in turn trigger the investors' right to withdraw their acceptances within a 48-hour time period.]

[Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. [May be satisfied by the inclusion of the following statement "Save as disclosed in "Subscription and Sale", so far as the Issuer is aware, no person involved in the offer of the Instruments has an interest material to the offer."]

- | | |
|---|--|
| 1. Issuer: | Palladium Securities 1 S.A. |
| | <p>The Issuer is a securitisation company (<i>société de titrisation</i>) incorporated under the laws of the Grand Duchy of Luxembourg as a public limited liability company (<i>société anonyme</i>). The Issuer's activities are subject to the Securitisation Act 2004. The Issuer has received the approval (<i>agrément</i>) from the Luxembourg financial sector and stock exchange regulator, the <i>Commission de surveillance du secteur financier</i>, as a regulated securitisation company under the Securitisation Act 2004. The board of directors of the Issuer has created a separate compartment in respect of the Instruments to which all the assets and liabilities relating to the Instruments will be allocated. See paragraph 44.</p> |
| Type of Instruments: | Certificates |
| 2. [(i)] Series Number: | [●] |
| [(ii)] Tranche Number: | [●] |
| | <p><i>[If fungible with an existing Series, details of that Series, including the date on which the Instruments become fungible.]</i></p> |
| [(iii)] Style: | [European][American] |
| 3. Specified Currency or Currencies: | [EUR][GBP][USD][CHF][specify other] |
| 4. Aggregate Issue Size of Instruments being admitted to trading: | |
| [(i)] Series: | [●] |

- [(ii) Tranche: [●]]
5. Issue Price: [Insert price per Instrument]
[Indicate amount of any expenses and taxes specifically charged to the purchasers of the Instrument]
6. [(i) Number of Instruments being issued: [●]
 [(ii) Minimum Trading Size: [USD100,000]
[In the case of Instruments sold in the United States or to or for the account of US Persons]
7. [(i) Issue Date: [●]
 [(ii) Primary Market End Date: [[●] or, if such day is not a Business Day, the first succeeding Business Day.]
8. Settlement Date: [●] *[specify date]*/[the [●] Business Day following the last occurring Valuation Date, or, if such day is not a Payment Date, the [next following] Payment Date]]
9. Settlement/Payment Basis: [See Schedule 2]
10. Change of Payment Basis: *[Specify details of any provision for conversion of Instruments into another redemption/payment basis]*
 [None]
11. Status of the Instruments: Limited recourse.

PROVISIONS RELATING TO SETTLEMENT

12. (i) Settlement Amount: [[Cash Settlement Amount] [Physical Settlement Amount]] per Instrument of [●] Denomination
 [See Schedule 1, Schedule 2 and Schedule 3]
- (ii) Exercise Price: [The exercise price per Instrument is [●]]
- (iii) Exercise Date: [The exercise date of the Instruments is [●]]
- (iv) Minimum Exercise Number: [The minimum number of Instruments that may be exercised on any day by any Instrumentholder is [●]] [and Instruments may only be exercised in integral multiples

- of [●] Instruments in excess thereof
- [Not Applicable]
13. Issuer Call Option: [Applicable]
- [Not Applicable]
- [If not applicable, delete the remaining sub-paragraphs of this paragraph]*
- (i) [Optional Redemption Date(s):] [●]
- (ii) [Optional Redemption Valuation Date(s):] [[either] the first Optional Redemption Valuation Date, being [specify date] [./or] the second Optional Redemption Valuation Date, being [specify date] [add further dates if applicable] as specified by the Issuer in the Optional Redemption Notice or, if any such date is not a Trading Day, the immediately succeeding Trading Day]
- (iii) [Optional Cash Redemption Amount(s) and method, if any, of calculation of such amount(s):] [See Schedule 2]
- [Consideration to be given to accrued interest, if applicable]*
- (iv) If redeemable in part:
- (a) Minimum [Redemption Amount:] [●]
- (b) Maximum [Redemption Amount:] [●]
- (v) Optional Redemption Notice period (if other than as set out in the General Conditions): [●]
- [NB: If setting notice periods which are different to those provided in the General Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Agent or Trustee]*
- (vi) Optional Redemption Notice: [Applicable] [To be delivered [3] Business Days prior to the Optional Redemption Date]
- [Not Applicable]]
14. Early Termination Amount:

- (i) Early Termination Amount(s) payable on redemption following (a) the occurrence of an event of default or (b) illegality or (c) following certain events in accordance with Schedule 2 or Schedule 3, and/or the method of calculating the same (if required): [●] [less the cost to the Hedging Counterparty and/or its Affiliates of unwinding or adjusting any underlying or related hedging arrangements in respect of the Instruments]
- (ii) Early Termination Amount includes amount in respect of accrued interest: [Yes: no additional amount in respect of accrued interest to be paid]

[No: together with the Early Termination Amount, accrued interest shall also be paid]

15. Underlying:

See Schedule 1

PROVISIONS RELATING TO SERIES ASSETS

16. (i) Collateral:

[Not Applicable/give details of Collateral including governing law, legal nature, expiry or maturity date, nominal amount, loan to value ratio or level of collateralisation, method of origination or creation, principal lending criteria and whether such criteria satisfied (in the case of Collateral which are loans or credit agreements), description of any relevant insurance policies and concentration within one insurer if material. Give name, address and significant business activities of originators of securitised assets and give general description of each obligor in the case of a small number of easily identifiable obligors or otherwise give description of general characteristics, economic environment and statistical data referred to in the Collateral, and, where all Collateral is comprised of the obligations of 5 or fewer obligors which are legal persons or where an obligor accounts for 20% or more (or other material portion) of the Collateral, so far as the issuer is aware and/or is able to ascertain from information published by the obligor(s) indicate either of the following: (a) information relating to each obligor as if it were an issuer drafting a Registration Document for debt and derivative securities with an individual denomination of at least EUR50,000 under the Prospectus Directive; or (b) if an obligor or guarantor has securities already admitted to trading on a regulated or

equivalent market or the obligations are guaranteed by an entity admitted to trading on a regulated or equivalent market, the name, address, country of incorporation, nature of business and name of the market in which its securities are admitted. Specify principal terms where a material relationship exists between the Issuer and Guarantor. Specify principal terms of Collateral which is not traded on a regulated or equivalent market. Where Collateral comprises equity securities that are traded on a regulated or equivalent market, give description of securities, market and frequency of pricing. Where more than 10 per cent. of Collateral comprises equity securities that are not traded on a regulated or equivalent market, give information equivalent to that contained in the schedule for share Registration Document under the Prospectus Directive. Where material portion of Collateral is secured on or backed by real property (other than mortgage loans where there has been no revaluation for the purpose of the Certificates and it is clearly stated that valuations quoted are as at the date of the original loan origination), give valuation report relating to property setting out both valuation of the property and cash flow/income streams. Specify parameters of any investment guidelines for actively managed Collateral and give description of Collateral manager, including expertise and a summary of appointment provisions, termination provisions and details of any relationship with the Issuer. Describe method and date of sale of Collateral. Give explanation of flow of funds, how payments in respect of the assets are collected on behalf of Issuer and any other arrangements upon which payments dependent. Specify any credit enhancements and parameters (and other details) for investments temporary liquidity surpluses. Specify any subordinated debt finance]

- (ii) Eligible Securities: [Not Applicable/give details of Eligible Securities]
- (iii) Series Assets: [[Collateral]/[Issuer's rights under Hedging Agreement dated Issue Date, Agency

- Agreement dated Issue Date)/[Specify other]
- (iv) Series Parties: [Instrumentholders/Trustee/Hedging Counterparty]/[specify other]
- The Series Parties expressly accept, and shall be deemed to be bound by, the provisions of the Securitisation Act 2004 and in particular the provisions on limited recourse, no petition, subordination, waterfall and priority of payments as included in the General Conditions, the Base Prospectus, these Final Terms and any Supplement
17. Whether General Condition [6.3] (*Security*) is applicable: [Yes:
- [Collateral charged to Trustee]
- [Collateral charged to Trustee; additional foreign law security]]
- [No]
18. Replacement and/or Substitution of Collateral: [General Condition [6.6] (*Replacement and/or Substitution of Collateral*) is
- [Applicable]
- [Not Applicable]]
19. Deposit Account: [Not Applicable]
- [Details]
- [Note – if Collateral has a maturity date or may be redeemed prior to the Maturity/Settlement Date, Deposit Account should be "Applicable" and account details are necessary if account is opened in the name of the Issuer; Deposit Account should also be "Applicable" if there are Eligible Securities as these might be redeemed prior to the Settlement/Maturity Date.]
20. (i) Hedging Agreement: [Applicable]
- [Not Applicable]
- (ii) Hedging Counterparty: [Applicable]
- [Not Applicable]

- [Name and address and brief description]*
21. (i) Repurchase Agreement: [Applicable]
[Not Applicable]
- (ii) Repurchase Counterparty: [Applicable]
[Not Applicable]
[Details]
22. Security Ranking Basis: [Debt Instrumentholder Pari Passu basis]
[Debt Instrumentholder Priority Basis]
[Not Applicable]
23. Additional Security Document(s): [Not Applicable]
[Details]

GENERAL PROVISIONS APPLICABLE TO THE INSTRUMENTS

24. Form of Instruments: [Bearer Instruments:

[Permanent Global Instrument (if sold only to non-U.S. Persons in "offshore transactions" within the meaning of Regulation S).]

[Bearer Global Instruments deposited with the Custodian Bank on behalf of the Depository Bank and evidenced by [(i)] in the case of Instruments sold to non-U.S. Persons in "offshore transactions" within the meaning of Regulation S, a Reg S Global Receipt and (ii) in the case of Instruments sold in the United States, or to or for the account of U.S. Persons, a 144A Global Receipt.]]

[Registered Instruments:

[The Instruments will be represented by a [Reg S] Global Instrument (if sold only to non-US Persons in "offshore transactions" within the meaning of Regulation S).][and/or] [Restricted Global Instrument (if sold in the United States, or to or for the account of U.S. Persons)]]
25. Additional Business Day(s) or other special [Not Applicable]

- provisions relating to Payment Dates: *[Details. Note that this item relates to the place of payment, and not the [interest/dividend] period end date, to which items 15(iii) and 16(iii) relate]*
26. Settlement: *[[Cash Settlement]*
[Physical Settlement]
[Cash Settlement or Physical Settlement at the Issuer's Option]
[but the Issuer only has the option to elect for Physical Settlement if the Final Reference Level is less than [or equal to] the [Initial Reference] Level]]
27. Settlement Currency: *[Specify currency]*
28. Settlement Disruption Events: *[Not Applicable]*
[Applicable - see Schedule 2]
29. Notices to the Issuer: *[If General Condition 15 applies then details for delivery of notices to the Issuer]*
30. Other terms or special conditions: *[Not Applicable]*
[Applicable – see Schedule 1, Schedule 2 and Schedule 3]
[When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

AGENTS AND OTHER PARTIES

31. Trustee: Deutsche Trust Company Limited
32. Principal Agent: [Deutsche Bank AG London]
33. Agent(s): [Deutsche Bank AG London]
34. Custodian: [Not Applicable]
[Deutsche Bank Luxembourg S.A.]
35. Custodian Account Details: [Not Applicable]
[Specify account details at Deutsche Bank

- Luxembourg S.A.]
36. [Paying Agent: [Deutsche Bank AG London]]
- [Relevant if the Instruments are listed and the rules of the relevant stock exchange require a paying agent in such jurisdiction]*
- .37. [Listing Agent: [Details]]
38. [Custodian Bank: [Details]]
39. [Depository Bank: [Details]]
40. [Common Depository and Specified Office: [Details]]
41. [Other Parties] *[Specify details of any providers of material forms of credit/liquidity enhancement, together with any other banks with which main accounts relating to the Series are held, giving names, addresses and a brief description] [Specify Calculation Agent, including name and address, where appropriate.]*

DISTRIBUTION

42. [Application of TEFRA or TEFRA rules: [Bearer Instruments: TEFRA D restrictions applicable unless the Bearer Instruments are deposited with the Custodian Bank on behalf of the Depository Bank in accordance with the provisions permitting an issuance to US persons within the United States]
- [Registered Instruments: TEFRA D rules not applicable]
43. [Total commission and concession: [●] per cent. of the Aggregate Nominal Amount]
44. Additional selling restrictions: [Not Applicable]
- [Details]

MISCELLANEOUS

45. Separate Compartment: A separate compartment has been created by the board of directors of the Issuer in respect of the Instruments (the **Compartment**). The Compartment is a separate part of the Issuer's assets and liabilities. The Collateral (relating to the Instruments) is exclusively available to

satisfy the rights of the holders of the Instruments (in accordance with the terms and conditions set out in these Final Terms) and the rights of the creditors whose claims have arisen at the occasion of the creation, the operation or the liquidation of the Compartment, as contemplated by articles 5.10 and 9 of the articles of incorporation of the Issuer.

46. Governing Law

[English law][New York law]

[LISTING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Instruments described herein pursuant to the Programme for the issuance of Debt Instruments and Beneficiary Shares of Palladium Securities 1 S.A.]

RESPONSIBILITY

[Subject as provided below, the] [The] Issuer accepts responsibility for the information contained in these Final Terms.

[[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer:

By:
Duly authorised

[The information (the **Reference Information**) on the Underlying is more particularly described in Schedule [●] to the Final Terms . The Reference Information consists only of extracts from, or summaries of, information which is publicly available. The Issuer only accepts responsibility that the Reference Information has been correctly extracted or summarised. No further or other responsibility (express or implied) in respect of the Reference Information is accepted by the Issuer.]

Underwriting

[Include name and address of entities agreeing to underwrite the issue on a firm commitment basis, and name and address of entities agreeing to place the issue without a firm

* To be deleted if the annex does not contain Reference Information as appropriate in relation to each Tranche.

commitment or under “best efforts” arrangements, where known, together with details of the relevant purchase date of the Instruments under the relevant subscription or underwriting agreement. Where not all of the issue is underwritten, a statement of the portion not covered.]

Secondary Trading

[Include name and address of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment.]

PART B - OTHER INFORMATION

1. PRODUCT SPECIFIC RISK [See Schedule 4.] [Give description of structure including, if necessary, a structure diagram]

2. LISTING

(i) Listing: [Luxembourg/other (*specify*)/None]

(ii) Admission to trading: [Application has been made for the Instruments to be admitted to trading on with effect from .] [Not Applicable.]

[N.B. The concept of admission to trading will be Not Applicable for Instruments listed on the Professional Securities Market in Luxembourg.]

[Where documenting a fungible issue need to indicate that original securities are already admitted to trading if Instruments have denomination of less than €50,000.]

(iii) Estimate of total expenses related to admission to trading:⁷

3. RATINGS

Ratings: The Instruments to be issued have been rated:

[S & P:
[Moody's:
[[Other]:

[Include here a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]⁸

[The above disclosure should reflect the rating allocated to Instruments issued under the Programme generally or, where the issue has been specifically rated, that rating.]

⁷ Delete if the minimum denomination is less than EUR50,000.

⁸ Delete if the minimum denomination is EUR50,000.

[4. NOTIFICATION

The CSSF [has been requested to provide/has provided]⁹ the [names of competent authorities of host Member States] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.¹⁰

5. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Arranger, so far as the Issuer is aware, no person involved in the issue of the Instruments has an interest material to the offer.] [Give name, address and significant business activities of the administrator, calculation agent or equivalent (if any) together with a summary, if applicable, of the administrator's/calculation agent's responsibilities, their relationship with the Collateral obligor and a summary of the provisions relating to termination of the appointment of such entity / provisions for appointing an alternative].

6. ESTIMATED NET PROCEEDS AND TOTAL EXPENSES¹¹

(i) Estimated net proceeds: [●]

[If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here. If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.]

(ii) Estimated total expenses: [●]. [Include breakdown of expenses]

7. YIELD (Fixed Rate Instruments only)

Indication of yield: [●]

[Calculated as [include details of method of calculation in summary form] on the Issue Date.]¹²

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

8. HISTORIC INTEREST RATES (Floating Rate Instruments only)

[Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Telerate].]

⁹ Include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues.

¹⁰ This is relevant where the document is to be passported into other countries in the EEA.

¹¹ Delete if the minimum denomination is EUR50,000.

¹² Delete if the minimum denomination is EUR50,000.

9. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS

[Need to include details of where past and future performance and volatility of the index/formula can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. Where return on, and or repayment of the security is linked to the performance or credit of other assets which are not assets of the Issuer, specify as follows: Give details of relevant assets including governing law, legal nature, expiry or maturity date, nominal amount, loan to value ratio or level of collateralisation, method of origination or creation, principal lending criteria and whether such criteria satisfied (in the case of relevant assets which are loans or credit agreements), description of any relevant insurance policies and concentration within one insurer if material. Give name, address and significant business activities of originators of securitised assets and give general description of each obligor in the case of a small number of easily identifiable obligors or otherwise give description of general characteristics, economic environment and statistical data referred to in the relevant assets, and, where all relevant assets are comprised of the obligations of 5 or fewer obligors which are legal persons or where an obligor accounts for 20% or more (or other material portion) of the relevant assets, so far as the issuer is aware and/or is able to ascertain from information published by the obligor(s) indicate either of the following: (a) information relating to each obligor as if it were an issuer drafting a Registration Document for debt and derivative securities with an individual denomination of at least EUR50,000 under the Prospectus Directive; or (b) if an obligor or guarantor has securities already admitted to trading on a regulated or equivalent market or the obligations are guaranteed by an entity admitted to trading on a regulated or equivalent market, the name, address, country of incorporation, nature of business and name of the market in which its securities are admitted. Specify principal terms where a material relationship exists between the Issuer and Guarantor. Specify principal terms of relevant assets which are not traded on a regulated or equivalent market. Where relevant assets comprise equity securities that are traded on a regulated or equivalent market, give description of securities, market and frequency of pricing. Where more than 10 per cent. of relevant assets comprise equity securities that are not traded on a regulated or equivalent market, give information equivalent to that contained in the schedule for share Registration Document under the Prospectus Directive. Where material portion of relevant assets are secured on or backed by real property (other than mortgage loans where there has been no revaluation for the purpose of the Debt Instruments and it is clearly stated that valuations quoted are as at the date of the original loan origination), give valuation report relating to property setting out both valuation of the property and cash flow/income streams. Specify parameters of any investment guidelines for actively managed assets and give description of Collateral manager, including expertise and a summary of appointment provisions, termination provisions and details of any relationship with the Issuer. Specify any rights to substitute the assets and a description of the manner in which and the type of assets which may be so substituted. If there is any capacity to substitute assets with a different class or quality of assets specify to that effect together with a description of the impact of such substitution. Describe method and date of sale of relevant assets. Give explanation of flow of funds, how payments in respect of the assets are collected on behalf of Issuer and any other arrangements upon which payments dependent. Specify any credit enhancements and parameters (and other details) for investments temporary liquidity surpluses. Specify any subordinated debt finance]

10. OPERATIONAL INFORMATION

- (i) ISIN Code:
- (ii) Common Code:
- (iii) Clearing Agent: [Euroclear Bank S.A./N.V.] [and/or]
 [Clearstream Banking AG in Frankfurt am Main]] [and/or]
 [The Depository Trust Company]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any):

11. TERMS AND CONDITIONS OF THE OFFER

[Include, as applicable: (i) Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks and if reasons for the offer and use of proceeds are disclosed provide the total net proceeds and an estimate of the total expenses of the issue/offer; (ii) Conditions, offer statistics, expected timetable and action required to apply for the offer, including minimum and/or maximum subscription amounts (in number of Instruments or in the Aggregate Nominal Amount of the Instruments); possibility of reducing subscriptions (and manner for refunding excess paid if applicable); and procedure for exercise of any pre-emption rights, negotiability of subscription rights and treatment of subscription rights not exercised; (iii) Total amount of the issue/offer; if the amount is not fixed, description of the arrangements and time for announcing to the public the amount of the offer; (iv) the time period, including any possible amendments, during which the offer will be open and description of the application process; (v) method and time limits for paying up the Instruments and for delivery of the Instruments; (vi) a full description of the manner and date in which results of the offer are to be made public; (vii) the various categories of potential investors to which the Instruments are offered and if the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche; and (viii) the process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made.]

SCHEDULE 1 TO THE FINAL TERMS

DETAILS OF THE UNDERLYING

IF THE UNDERLYING CONSISTS OF A BASKET INSERT THE FOLLOWING:

The **Underlying** relating to the Instruments is a Basket (as defined below) comprised of the following

[details - Shares]
[details - Fund Shares]
[details - Indices]
[[details – Commodities]]
[details - Underlying Currencies]
[details – specify], as applicable.]

IF THERE IS A SINGLE UNDERLYING INSERT THE FOLLOWING:

The **Underlying** relating to the Instruments consists of [insert details with respect to each] [Shares][Fund Shares][Indices][Commodities][Underlying Currencies][other – specify]

IF THE UNDERLYING INCLUDES A SHARE OR SHARES (INCLUDING, WITHOUT LIMITATION, WITHIN A BASKET), INSERT THE FOLLOWING:

1. The Share or Shares means the following:

Type of Underlying	Name of Underlying	Issuer of Share	Reference Source
Share	[●]	[●]	[●]

2. Definitions relating to the Share(s):

Reference Currency is as defined in Schedule 2 or, if not, then the Settlement Currency;

Reference Source means the reference source or reference sources specified in the table describing the Share or Shares in paragraph 1 above, or any successor to such reference source, all as determined by the Calculation Agent;

Share means the or, as the case may be, each share specified in the definition of Underlying or Basket, as the case may be; and

Share Company means, with respect to a Share, the issuer specified for such Share in the definition of Underlying or Basket, as the case may be.

IF THE UNDERLYING INCLUDES A FUND SHARE OR FUND SHARES (INCLUDING, WITHOUT LIMITATION, WITHIN A BASKET), INSERT THE FOLLOWING:

1. The Fund Share or Fund Shares means the following:

Type of Underlying	Name of Underlying	Issuer of Fund Share	Reference Source
Fund Share	[●]	[●]	[●]

2. Definitions relating to the Fund Share(s):

Administrator means, in relation to a Fund, any entity described as such in relation to the Fund in any Fund Information Document or which provides administrative, book-keeping or similar services (however described) to the Fund, all as determined by the Calculation Agent;

Fund means, with respect to a Fund Share, the issuer specified for such Fund Share in the definition of Underlying or Basket, as the case may be;

Fund Information Document means, in relation to a Fund and a Fund Share, any offering circular, prospectus, information memorandum or similar document relating to the Fund and/or Fund Share (including any document supplementing, amending or restating the same), all as determined by the Calculation Agent;

Fund Share means the (or, as the case may be, each) share specified in the definition of Underlying or Basket, as the case may be;

Inclusion Date means, in relation to a Fund which is a Fund as of the Issue Date, the Issue Date, or, in relation to any other Fund, the date that such Fund became a Fund for the purposes of the Instruments;

Manager means, in relation to a Fund, any entity described as such in relation to the Fund in any relevant Fund Information Document or which provides investment, managerial, broking or arrangement or similar services (however described) to the Fund, all as determined by the Calculation Agent;

Master Fund means, in relation to a Fund, any entity described as such in relation to the Fund in any relevant Fund Information Document or which acts as a master fund, feeder fund or umbrella fund or similar entity (however described) in relation to the Fund, all as determined by the Calculation Agent;

Reference Currency is as defined in Schedule 2 or, if not, then the Settlement Currency; and

Reference Source means the reference source or reference sources specified in the table describing the Fund Share or Fund Shares in paragraph 1 above, or any successor to such reference source, all as determined by the Calculation Agent.

[IF THE UNDERLYING INCLUDES A BASKET, INSERT THE FOLLOWING:]

1. The **Basket** comprises the assets set out in the following table:

Type of Basket Constituent	Name of Basket Constituent	Basket Constituent Percentage Weight	Reference Level determination	Sponsor or Issuer of Basket Constituent	Basket Constituent Currency	Reference Source
[●]	[●]	[●]%	[Closing/specify other]	[●]	[●]	[●]
[●]	[●]	[●]%	[Closing/specify other]	[●]	[●]	[●]
[●]	[●]	[●]%	[Closing/specify other]	[●]	[●]	[●]
[●]	[●]	[●]%	[Closing/specify other]	[●]	[●]	[●]
[●]	[●]	[●]%	[Closing/specify other]	[●]	[●]	[●]
[●]	[●]	[●]%	[Closing/specify other]	[●]	[●]	[●]

2. Definitions relating to the Basket

Basket means a basket of assets as set out in paragraph 1 above;

Basket Constituent means each of the assets in the definition of Basket in paragraph 1 above, subject to adjustment in accordance with paragraph 2 below;

Basket Constituent Currency is as defined in Schedule 2 or, if not defined in Schedule 2, is the Settlement Currency;

Basket Constituent Level means in respect of any day, subject to paragraph 2 below, an amount equal to the level of the Basket Constituent determined in the manner as defined in the column Reference Level determination in the definition of "Basket" in paragraph 1 above, all as determined by the Calculation Agent;

Basket Constituent Weight means in relation to each Basket Constituent and subject to adjustment in accordance with paragraph 2 below, a number equal to the quotient of:

- 3) the relevant Basket Constituent Percentage Weight (as numerator); and
- 4) the Basket Constituent Level on the Initial Reference Valuation Date or, if such day is not a Trading Day, the first succeeding Trading Day (as denominator);

Basket Constituent Percentage Weight means, in relation to each Basket Constituent, a number as defined for such Basket Constituent in the column "Basket Constituent Percentage Weight" in the definition of "Basket" in paragraph 1 above;

Reference Currency is defined in Schedule 2 or, if not, then the Settlement Currency;

Reference Source means the reference source or reference sources specified in the table under the definition of Basket in the definition of Basket in Schedule 1, or any successor to such reference source, all as determined by the Calculation Agent.

[IF THE UNDERLYING INCLUDES A COMMODITY OR COMMODITIES (INCLUDING, WITHOUT LIMITATION, WITHIN A BASKET), INSERT THE FOLLOWING:

1. The Commodity or Commodities means the following:

Type of Underlying	Name of Underlying	Issuer of Underlying	Reference Source
Commodity	[●]	[●/Not applicable]	[●]

2. Definitions relating to the Commodity(ies):

Commodity means the (or, as the case may be, each) commodity specified in the definition of Underlying or Basket, as the case may be;

Reference Currency is as defined in Schedule 2 or, if not, then the Settlement Currency; and

Reference Source means the reference source or reference sources specified in the table describing the Commodity or Commodities in paragraph 1 above, or any successor to such reference source, all as determined by the Calculation Agent.

[IF THE UNDERLYING INCLUDES A FOREIGN EXCHANGE RATE OR FOREIGN EXCHANGE RATES (INCLUDING, WITHOUT LIMITATION, WITHIN A BASKET), INSERT THE FOLLOWING:

1. The Foreign Exchange Rate means the following:

Type of Underlying	First Currency	Second Currency	Issuer of Underlying	Reference Source
Foreign Exchange Rate	[●]	[●]	Not applicable	[●]

2. Definitions relating to the Foreign Exchange Rate(s):

First Currency means the currency appearing under the heading "First Currency" in paragraph 1 above;

Rate of Exchange means the or, as the case may be, each rate of exchange between a pair of currencies as specified under "Foreign Exchange Rate" in the definition of "Underlying" or "Basket", as the case may be;

Reference Currency is as defined in Schedule 2 or, if not, then the Settlement Currency;

Reference Source means the reference source or reference sources specified in the table describing the Foreign Exchange Rate in paragraph 1 above, or any successor to such reference source, all as determined by the Calculation Agent and

Second Currency means the second currency appearing under the heading "Second Currency" in paragraph 1 above.]

[Specify, in the case of each relevant type of Underlying outlined in this Schedule 1, where information on the relevant Underlying can be obtained, where information about the past and the further performance of the Underlying and its volatility can be obtained, (where the Underlying is a security) the name of the issuer of the security, the ISIN or other such security identification code; (where the Underlying is an index) the name of the index and a description of the index if it is composed by the issuer; (where the index is not composed by the Issuer) where information about the index can be obtained; (where the Underlying is an interest rate) a description of the interest rate; where the Underlying does not fall within the categories specified above, specify equivalent information; and (where the underlying is a basket of underlyings) give disclosure of the relevant weightings of each underlying in the basket]

SCHEDULE 2 TO THE FINAL TERMS

EXERCISE AND SETTLEMENT

1. EXERCISE RIGHTS AND EXERCISE PROCEDURE

General Condition 5.7 is applicable.

2. PHYSICAL SETTLEMENT

[IF A DELIVERY NOTICE IS REQUIRED INSERT:]

2.1 Delivery Notice

If the Instruments are to be settled by delivery of the Physical Settlement Amount as described above, in order to obtain delivery of the Physical Settlement Amount in respect of a Instrument the relevant Accountholder must deliver to the Principal Agent, with a copy to the relevant Clearing Agent, not later than the close of business in each place of reception on the Cut-off Date, a duly completed Delivery Notice (a **Delivery Notice**).

The form of the Delivery Notice may be obtained during normal business hours from the specified office of each Agent.

A Delivery Notice shall:

- (a) specify the nominal amount of the Instruments which are the subject of such notice;
- (b) specify the number of the account with the Clearing Agent to be debited with such Instruments;
- (c) irrevocably instruct and authorise the Clearing Agent to debit on the Settlement Date such account with such Instruments;
- (d) include an undertaking to pay all Instrumentholder expenses and an authority to the Clearing Agent to debit a specified account with the Clearing Agent in respect thereof and to pay such Instrumentholder expenses;
- (e) include the Delivery Details; and
- (f) authorise the production of such notice in any applicable administrative or legal proceedings.

2.2 Late delivery of Delivery Notice

If the Delivery Notice is delivered to the Principal Agent or the copy is delivered to the relevant Clearing Agent after the close of business in the place of receipt on the Cut-off Date, then the Physical Settlement Amount will be delivered as soon as practicable after the Settlement Date (the date of delivery in relation to a Physical Settlement Amount whether on or after the Settlement Date being for the purposes of the Conditions the **Delivery Date**) in the manner provided below. For the avoidance of doubt, no holder of Instruments or any other person shall be entitled to any payment, whether of interest or otherwise, in the event of the Delivery Date for such Instruments occurring after the Settlement Date due to such Delivery Notice (or the

copy thereof) being delivered after the close of business on the Cut-off Date as provided above.

In the event that a Instrumentholder does not, in respect of a Instrument which is to be redeemed by delivery of the Physical Settlement Amount, deliver or procure delivery of a Delivery Notice as set out above, prior to the day that is 30 calendar days after the Settlement Date, the Issuer shall have the right but not the obligation to sell all Physical Settlement Units in respect of such Instrument on the open market or otherwise at a price determined by the Calculation Agent, in its sole discretion, to be the fair market value of the Physical Settlement Units, and shall hold the proceeds (the **Realised Physical Settlement Amount**) for the account of the relevant Instrumentholder, until presentation of the relevant Delivery Notice. Upon payment of the Realised Physical Settlement Amount as aforesaid, the Issuer's obligations in respect of such Instrument shall be discharged.

2.3 Verification

In respect of each Delivery Notice, the relevant Instrumentholder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Instruments.

2.4 Determinations

Failure properly to complete and deliver a Delivery Notice may result in such notice being treated as null and void. Any determination as to whether any such notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Instrumentholder. Subject as set out below, any Delivery Notice so determined to be incomplete or not in proper form, or, where applicable, which is not copied to a Clearing Agent immediately after being delivered to the Principal Agent as provided in the Conditions shall be void.

If such Delivery Notice is subsequently corrected to the satisfaction of the Principal Agent it shall be deemed to be a new Delivery Notice submitted at the time such correction is delivered to the Principal Agent and copied to such Clearing Agent.

The Principal Agent shall use all reasonable endeavours promptly to notify the Instrumentholder if it has determined that a Delivery Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Instrumentholder.

2.5 Delivery of a Delivery Notice

No Delivery Notice may be withdrawn after receipt thereof by the Principal Agent as provided above. After the delivery of a Delivery Notice, the Instruments which are the subject of such notice may not be transferred.

2.6 Delivery of the Physical Settlement Amount

Subject as provided in the Conditions, the delivery of the Physical Settlement Amount shall be made at the risk of the relevant Instrumentholder and shall:

- (a) where a Clearing System is specified in the Delivery Details and where a valid Delivery Notice has been delivered, be delivered to the securities account with the Clearing System specified by the relevant Instrumentholder in the relevant Delivery Notice; or

- (b) where a Clearing System is specified in the Delivery Details and where a valid Delivery Notice has not been delivered, be transferred to the Clearing System for delivery to the relevant Instrumentholder; or
- (c) where a Clearing System is not specified in the definition of Delivery Details, be delivered in the manner set out in such definition,

PROVIDED THAT in the case of (a) and (b) where the Issuer determines in its sole discretion that delivery of all or any of the Physical Settlement Units in accordance with (a) or (b), as the case may be, is impractical, illegal or unduly onerous to the Issuer, then the Issuer shall have the option to deliver the relevant Physical Settlement Units in such other commercially reasonable manner as the Issuer shall determine to be appropriate for such delivery and shall notify to the Instrumentholders in accordance with General Condition 5.8. The Physical Settlement Amount shall be evidenced in such manner as the Issuer determines to be customary for the relevant Physical Settlement Units. The Issuer shall be under no obligation to register or procure the registration of any Instrumentholder or any other person as the registered holder in respect of the Physical Settlement Units in any register of holders of such Physical Settlement Units, including, but not limited to, a register of members of a share company.

If the date for delivery of the Physical Settlement Amount is not a Delivery Day then such delivery shall not be made until the next following Delivery Day, subject to the occurrence of the Settlement Disruption Event.

3. DEFINITIONS

Affiliate means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein **control** means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and **controlled by** and **controls** shall be construed accordingly;

[IF THE INSTRUMENTS ARE NOT PHYSICALLY SETTLED ONLY, IF THE SETTLEMENT CURRENCY IS THE SAME AS THE REFERENCE CURRENCY OR IF THE INSTRUMENT IS A QUANTO INSTRUMENT INSERT:]

Cash Settlement Amount means, with respect to each Instrument, an amount determined by the Calculation Agent as follows:

$$\text{Final Reference Level} \times \text{Multiplier}$$

The Cash Settlement Amount will be rounded to the nearest [two decimal places] [whole unit] in the Settlement Currency, [0.005] [half a unit] being rounded downwards;

[IF THE INSTRUMENTS ARE NOT PHYSICALLY SETTLED ONLY, IF THE SETTLEMENT CURRENCY IS NOT THE SAME AS THE REFERENCE CURRENCY AND IF THE INSTRUMENT IS NOT A QUANTO INSTRUMENT INSERT:]

Cash Settlement Amount means, with respect to each Instrument, an amount determined by the Calculation Agent as follows:

$$\text{Final Reference Level} \times \text{Multiplier}$$

converted into the Settlement Currency at the Exchange Rate on the [Valuation Date] [last occurring Valuation Date] [●].

The Cash Settlement Amount will be rounded to the nearest [two decimal places] [whole unit] in the Settlement Currency, [0.005] [half a unit] being rounded downwards;

[IF PHYSICAL SETTLEMENT APPLIES, INSERT:]

Cut-off Date means [●];]

[IF SETTLEMENT IS NOT CASH ONLY INSERT:

Delivery Details means [the account details of the Instrumentholder's securities account with [●] (the **Physical Delivery Clearing System**) for delivery of the Physical Settlement Amount as specified in the relevant Exercise Notice/*specify other relevant details for physical delivery method*];]

[IF THE SETTLEMENT CURRENCY IS NOT THE SAME AS THE REFERENCE CURRENCY AND IF THE INSTRUMENT IS NOT A QUANTO INSTRUMENT INSERT:

Exchange Rate means in relation to the Underlying and in respect of any day, the rate of exchange prevailing at [16:00] [●] [Central European Time] [●] (or at such time approximate thereto as the Calculation Agent determines to be practicable) on such day between the Reference Currency and the Settlement Currency (expressed as the number of units of the Reference Currency or a fraction thereof required to buy one unit of the Settlement Currency) as determined by the Calculation Agent by reference to such source(s) as the Calculation Agent may reasonably determine to be appropriate at such time;]

Exercise Notice means the notice described in this Schedule;

[IF THE FINAL REFERENCE LEVEL IS DETERMINED ON ONE SINGLE DAY INSERT:

Final Reference Level means, subject to the adjustment provisions in Schedule 3 and as provided in the definition of "Valuation Date", an amount equal the Reference Level on the Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction(s);]

[IF THE FINAL REFERENCE LEVEL IS DETERMINED ON SEVERAL CONSECUTIVE DAYS INSERT: **Final Reference Level** means, subject to the adjustment provisions in Schedule 3 and as provided in the definition of "Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Valuation Dates as determined by the Calculation Agent and without regard to any subsequently published correction(s);]

[IF THE MULTIPLIER IS DETERMINED ON THE BASIS OF THE INITIAL REFERENCE LEVEL, INSERT THE APPLICABLE DEFINITION OF "INITIAL REFERENCE LEVEL", "INITIAL REFERENCE VALUATION DATE" AND "INITIAL REFERENCE VALID DATE":

[If the Initial Reference Level is fixed before issuance insert:

Initial Reference Level means, subject to Schedule 3, [●];]

[If the Initial Reference Level is determined on one single day insert:

Initial Reference Valuation Date means [*specify date*] [●] or, if such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Initial Reference Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the [eighth] [●] Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Initial Reference Valuation Date, then (A) that [eighth] [●] Trading Day shall be deemed to be the Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Initial Reference Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that [eighth] [●] Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

[IF THE INITIAL REFERENCE LEVEL IS DETERMINED ON SEVERAL CONSECUTIVE DAYS INSERT:

Initial Reference Valuation Date *specify date* [●] [or, if any such day is not a Trading Day, the next following Trading Day on which another Initial Reference Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Initial Reference Valuation Date shall be the first succeeding Initial Reference Valid Date. If the first succeeding Initial Reference Valid Date has not occurred by the [eighth] [●] Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Initial Reference Valuation Date, then (A) that [eighth] [●] Trading Day shall be deemed to be that Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that [eighth] [●] Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

[IF THE INITIAL REFERENCE LEVEL IS DETERMINED ON SEVERAL (1) CONSECUTIVE DAYS OR (2) NON-CONSECUTIVE DAYS AND THE FREQUENCY OF WHICH IS WEEKLY INSERT:

Initial Reference Valid Date means a Trading Day on which there is no Market Disruption Event and on which another Initial Reference Valuation Date does not or is not deemed to occur;]

[IF THERE IS A MANAGEMENT FEE INSERT:

Management Fee means [●];]

Market Disruption Event means each event specified to be a Market Disruption Event in Schedule 3;

[IF THE MULTIPLIER IS NOT DETERMINED ON THE BASIS OF THE INITIAL REFERENCE LEVEL AND THERE IS NO MANAGEMENT FEE, INSERT:

Multiplier means [●], subject to adjustment in accordance with Schedule 3;]

[IF THE MULTIPLIER IS DETERMINED ON THE BASIS OF THE INITIAL REFERENCE LEVEL AND THE INSTRUMENTS ARE EUROPEAN STYLE, INSERT:

Multiplier means the quotient of:

- 1) [●] [[●] x [100% - [●]] [Redemption Years] x [[Annual] [●] Management Fee]]] (as numerator); and
 - 2) the Initial Reference Level (as denominator),
- subject to adjustment in accordance with Schedule 3;]

[IF THE MULTIPLIER IS DETERMINED ON THE BASIS OF THE INITIAL REFERENCE LEVEL AND THE INSTRUMENTS ARE AMERICAN STYLE, INSERT:

Multiplier means [●] [, in relation to any day, a number equal to

- 1) in relation to the first Multiplier Adjustment Date [●], the quotient of
 - a) [●] [[● x] [100% minus [● x] the [[Annual] [●] Management Fee]]] (as numerator); and
 - b) the Initial Reference Level (as denominator)

- 2) in relation to each subsequent Multiplier Adjustment Date, the product of
- a) the Multiplier on the immediately preceding Multiplier Adjustment Date and
 - b) [●] [100% minus the [[●] [Annual] Management Fee];

subject to adjustment in accordance with Schedule 3;]

[IF THERE IS A MANAGEMENT FEE AND THE INSTRUMENTS ARE AMERICAN, INSERT:

Multiplier Adjustment Date means [●] [each Exercise Date], [[or, if such day is not a Trading Day, the next following Trading Day] [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Multiplier Adjustment Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the [eighth] [●] Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Multiplier Adjustment Date, then that [eighth] [●] Trading Day shall be deemed to be the Multiplier Adjustment Date;]

[IF THE ISSUER HAS THE RIGHT TO REDEEM THE INSTRUMENTS INSERT:

Optional Cash Redemption Amount means, in respect of the [first]Optional Redemption Valuation Date, [Currency] ● per Denomination[, in respect of the second Optional Redemption Valuation Date, [Currency] ● per Denomination [Add further details if more Optional Redemption Valuation Dates applicable]] [an amount determined in the sole and absolute discretion of the Calculation Agent on the Optional Redemption Valuation Date as the fair market value of the Instruments[, subject to a minimum of ●];

[IF SETTLEMENT IS NOT CASH ONLY INSERT:

Physical Settlement Amount means per Instrument [[one] [●] unit[s] of the Underlying (each a **Physical Settlement Unit**)] [a number of Physical Settlement Units (where **Physical Settlement Unit** means an amount of the Underlying having an outstanding principal balance equal to [●]) equal to [●]], [multiplied by the [Multiplier] [●]] [provided that such number shall be rounded down to the nearest whole number and] subject to adjustment in accordance with the adjustment provisions in Schedule 3. Instruments belonging to the same Instrumentholder shall [not] be aggregated for purposes of determining the aggregate Physical Settlement Amounts in respect of such Instruments, provided that the aggregate Physical Settlement Amounts, in respect of the same Instrumentholder will be rounded down to the nearest whole Physical Settlement Unit]. No fractions of a Physical Settlement Unit will be delivered [and no payment or other cash compensation will be made in respect of such rounding]. [In case of a rounding down to a whole number in accordance with the provisions above, an amount (the **Adjustment Amount**) in the [Settlement Currency] [Reference Currency] will be paid, which shall be equal to the product of the remaining fraction and the [value] [Final Reference Level] [●] of the Underlying [on [●]] [and converted into the Settlement Currency at the Exchange Rate on [●]]. Any Adjustment Amount shall be paid pursuant and subject to General Condition [5.7] (Exercise Rights and Exercise Procedure);]

[IF THE SETTLEMENT CURRENCY IS NOT THE SAME AS THE REFERENCE CURRENCY AND IF THE INSTRUMENT IS NOT A QUANTO INSTRUMENT INSERT

Reference Currency means [●][the lawful currency of ●];]

[IF THERE IS A SINGLE "UNDERLYING" INSERT:]

Reference Level means, in respect of any day, subject to the adjustment provisions in Schedule 3, an amount (which shall be deemed to be a monetary value in the

[Settlement][Reference] Currency) determined by the Calculation Agent equal to the [●] [official closing] [price] of the Underlying [[quoted by] [published on] [●] [the Reference Source]] at [specify time] [the Relevant Time] on such day;

[IF THE "UNDERLYING" IS A "BASKET" INSERT:]

Reference Level means, in respect of any day, subject to the adjustment provisions in Schedule 3, an amount (which shall be deemed to be a monetary value in the Reference Currency) determined by the Calculation Agent equal to the sum of the products for each Basket Constituent of:

1. the Basket Constituent Level for each Basket Constituent on such day or, if such day is not a Trading Day, the first succeeding Trading Day; and
2. the Basket Constituent Weight of each Basket Constituent on such day

As a formula:

$$\text{Reference Level}_t = \sum_i^n P_{i,t} \times \text{BCW}_{i,t}$$

where:

- | | | |
|--------------------|---|---|
| n | = | number of Basket Constituents in the Basket |
| $P_{i,t}$ | = | the Basket Constituent Level i on day t |
| $\text{BCW}_{i,t}$ | = | Basket Constituent Weight i on day t; |

Reference Source is as defined in Schedule 1;

[IF THE INSTRUMENTS ARE NOT CASH SETTLED ONLY INSERT:]

Settlement Disruption Event means, in the opinion of the Issuer, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of a Physical Settlement Unit in accordance with such market method as it decides at the relevant time for delivery of the relevant Physical Settlement Unit;]

[IF THE ISSUER HAS THE RIGHT TO REDEEM THE INSTRUMENTS INSERT:]

Termination Date means

1. if the Instrumentholder has exercised the Instrument, or if the Instrument is deemed to be exercised, the relevant Exercise Date, or
2. if the Issuer has elected to redeem the Instrument, the relevant Optional Redemption Date;

Trading Day means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day for each Reference Source, provided that trading day shall mean

[IF ANY REFERENCE SOURCE IS AN EXCHANGE, TRADING SYSTEM OR QUOTATION SYSTEM INSERT:]

[for any Reference Source which is an exchange, a trading system or a quotation system,] any day on which such Reference Source is open for trading other than a day on which trading on such Reference Source is scheduled to close prior to its regular weekday closing time;]

[IF ANY REFERENCE SOURCE IS NOT AN EXCHANGE, TRADING SYSTEM OR QUOTATION SYSTEM INSERT:

[for any Reference Source which is not an exchange, a trading system or a quotation system,] [any Business Day other than a day on which commercial banks and foreign exchange markets are closed in the country where the Reference Source is located] [●];]

[IF THE FINAL REFERENCE LEVEL IS DETERMINED ON ONE SINGLE DAY INSERT:

Valuation Date means [the [●] Trading Day following the relevant Exercise Date] [the Termination Date], or, if such day is not a Trading Day, the next following Trading Day] [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the [eighth] Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Valuation Date, then (A) that [eighth] Trading Day shall be deemed to be the Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that [eighth] Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.]

[IF THE INSTRUMENTS ARE EUROPEAN AND THE FINAL REFERENCE LEVEL IS DETERMINED ON SEVERAL CONSECUTIVE DAYS INSERT:

Valuation Date means [each of the [first ●][●] [Trading Days] [calendar days] following the [Exercise Date for such Instrument] [Termination Date for such Instrument] [●] [or, if any such day is not a Trading Day, the next following Trading Day on which another Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Valuation Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred by the [eighth] Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Valuation Date, then (A) that [eighth] Trading Day shall be deemed to be that Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that [eighth] Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;] [and]

[IF THE INSTRUMENTS ARE EUROPEAN AND THE FINAL REFERENCE LEVEL IS DETERMINED ON SEVERAL (1) CONSECUTIVE DAYS OR (2) NON-CONSECUTIVE DAYS AND THE FREQUENCY OF WHICH IS WEEKLY INSERT:

Valid Date means a Trading Day on which there is no Market Disruption Event and on which another Valuation Date does not or is not deemed to occur.]

Terms with initial capital letters which are not defined in these Final Terms shall have the meanings ascribed to them in the General Conditions.

SCHEDULE 3 TO THE FINAL TERMS

ADJUSTMENTS

[DRAFTING NOTE - The type of Underlying as specified in Schedule 1 to these Final Terms will determine which of the following adjustment provisions should apply to the Instruments.]

[IF THE DEFINITION OF "UNDERLYING" OR "BASKET" IN SCHEDULE 1 INCLUDES A SHARE OR SHARES, INSERT THIS SECTION:]

1. *Shares*

[IF MORE THAN ONE TYPE OF UNDERLYING OR BASKET CONSTITUENT IS SET OUT IN THE DEFINITION OF "BASKET" OR "INSTRUMENTS" (A) THE SECTIONS IN THIS SCHEDULE 3 WILL NEED TO BE RENUMBERED APPROPRIATELY AND (B) THE FOLLOWING SHOULD BE INSERTED:]

This paragraph 1 and the definitions herein shall only apply in relation to any Share or Shares specified in Schedule 1 in the column headed "Type of Basket Constituent" in the definition of "Basket", or in the column headed "Type of Underlying" in the definition of "Instruments", as the case may be. For any Underlying other than a Share or Shares which are specified in such column, other sections of this paragraph 1, if and to the extent applicable, and the definitions therein shall apply.]

2. *Definitions:*

Affiliate is as defined in Schedule 2;

Other Exchange means, with respect to a Share, each exchange, trading system or quotation system other than the Reference Source on which such Share is listed, traded or quoted;

Reference Currency is as defined in Schedule 2 or, if not defined in Schedule 2, is the Settlement Currency;

Reference Level is as defined in Schedule 2;

Reference Source is as defined in Schedule 1;

Related Exchange means, unless otherwise defined in Schedule 1, with respect to a Share, any exchange, trading system or quotation system on which options contracts or futures contracts on such Share are traded as determined by the Calculation Agent;

Relevant Country means, each of

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency or the Settlement Currency is the legal tender or currency; and
- (ii) any country (or any political or regulatory authority thereof) with which a Share or the related Share Company has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to the

country in which the Share Company is incorporated and/or such other factor(s) as it may deem appropriate,

all as determined by the Calculation Agent.

Relevant Time means, with respect to any Share, the relevant time by reference to which the Calculation Agent determines the price or value of such Share for the purposes of determining the Reference Level;

Settlement Currency is as defined in paragraph [28] in the table at the beginning of these Final Terms;

Share means the or, as the case may be, each share specified in the definition of "Underlying", "Instruments" or "Basket", as the case may be, in Schedule 1 to these Final Terms; and

Share Company means, with respect to a Share, the issuer specified for such Share in the definition of "Underlying", "Instruments" or "Basket", as the case may be, in Schedule 1 to these Final Terms.

3. *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition [4] if a Market Disruption Event has occurred on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by this paragraph 3 to determine the price or value of a Share.

Market Disruption Event means:

[IF THE REFERENCE SOURCE FOR ANY SHARE IS AN EXCHANGE, A TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING TWO LINES IF SECTION (II) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

(i) where the Reference Source for any Share is an exchange, a trading system or a quotation system as determined by the Calculation Agent,]

(a) the occurrence or existence on any Trading Day at the Relevant Time for such Share or at any time during the one hour period that ends at the Relevant Time for such Share:

(i) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits permitted by the relevant Reference Source or any Related Exchange or otherwise):

(A) of the Share on the Reference Source or any Other Exchange; or

(B) in options contracts or futures contracts relating to the Share on any Related Exchange; or

(ii) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in

general to effect transactions in relation to or to obtain market values for the Share on the relevant Reference Source or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to such Share on any Related Exchange; or

- (b) the closure on any Trading Day of the Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour prior to (i) the actual closing time for the regular trading session on such Reference Source or such Related Exchange on such Trading Day or, if earlier, (ii) the submission deadline (if applicable) for orders to be entered into the Reference Source or such Related Exchange system for execution at the Relevant Time on such Trading Day. A **Scheduled Closing Time** is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or
- (c) a general moratorium is declared in respect of banking activities in any Relevant Country; [or]

[INSERT IF THE REFERENCE SOURCE FOR ANY SHARE IS LOCATED IN AN EMERGING MARKET COUNTRY:

- (d) where the Reference Currency is different from the Settlement Currency, the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer and/or any of its Affiliates from:
 - (i) converting the Reference Currency into the Settlement Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
 - (ii) converting the Reference Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
 - (iii) delivering the Reference Currency or Settlement Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
 - (iv) transferring the Reference Currency or Settlement Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country; [or]]
- (e) a Relevant Country (i) imposes any controls or announces its intention to impose any controls or (ii) (A) implements or announces its intention to implement or (B) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer and/or any of its Affiliates'

ability to acquire, hold, transfer or realise or otherwise to effect transactions in relation to such Share,]]

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments[; and/.]

[IF THE REFERENCE SOURCE FOR ANY SHARE IS NOT AN EXCHANGE OR TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:]

[INSERT THE FOLLOWING TWO LINES IF SECTION (I) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:]

- (ii) where the Reference Source for any Share is not an exchange, a trading system or a quotation system as determined by the Calculation Agent,
 - (a) it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of such Share by reference to such Reference Source in the manner specified in the definition of "Reference Level" in Schedule 2 to these Final Terms or in "Information relating to the Underlying" attached in Schedule ● to the Final Terms , or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise); or
 - (b) *[if section (i) is included above, insert: any event occurs as described in 1.1.2.(i)(c) [Insert if the Reference Source for any Share is located in an Emerging Market Country:, 1.1.2.(i)(d) and/or 1.1.2.(i)(e)] above in relation to such Share,] OR [if section (i) is not included above, insert 1.1.2.(i)(c), 1.1.2.(i)(d) and 1.1.2.(i)(e) here renumbered as 1.1.2.(i)(a), 1.1.2.(i)(b) and 1.1.2.(i)(c) respectively]*

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments.

4. Potential Adjustment Events

Following the declaration by a Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the relevant Share and, if so, will (1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that dilutive or concentrative or other effect; and (2) determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by a Related Exchange to options contracts or futures contracts on the relevant Share traded on that Related Exchange.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition [4], stating the adjustment made to the Conditions and giving brief details of the Potential Adjustment Event.

Potential Adjustment Event means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Shares (unless it has resulted in a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the relevant Shares of (A) such Shares, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares, or (C) share capital or other securities of another issuer as a result of a "spin-off" or other similar transaction, or (D) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or in other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an extraordinary dividend;
- (iv) a call by the Share Company in respect of relevant Shares that are not fully paid;
- (v) a repurchase by or on behalf of the Share Company or any of its subsidiaries of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) in respect of a Share Company, an event that results in any shareholder rights being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Share Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent;
- (vii) any redemption of shareholder rights referred to in (vi) above; and
- (viii) any other event that may have a diluting or concentrative or other effect on the theoretical value of the relevant Shares.

5. *Merger Event, Tender Offer, De-Listing, Nationalisation and Insolvency*

If a Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency occurs in relation to relevant Shares and/or the relevant Share Company, as the case may be, the Issuer may take any action described in 5(a), 5(b) or 5(c) below:

- (a) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the

Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency made by an options exchange to options on the Share traded on that options exchange; or

- (b) cancel the Instruments by giving notice to Instrumentholders in accordance with General Condition [4]. If the Instruments are so cancelled, the Issuer will pay an amount to each Instrumentholder in respect of each Instrument held by such Instrumentholder which amount shall be the fair market value of a Instrument taking into account the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Instrumentholders in accordance with General Condition [4]; or
- (c) following any adjustment to the settlement terms of options on the Shares traded on such exchange(s) or trading system(s) or quotation system(s) as the Calculation Agent in its reasonable discretion shall select (the **Options Reference Source**) require the Calculation Agent to make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Reference Source. If options on the Shares are not traded on the Options Reference Source, the Calculation Agent will make such adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate, with reference to the rules and precedents (if any) set by the Options Reference Source, to account for the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Reference Source if such options were so traded.

Upon the occurrence of a Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition [4] stating the occurrence of the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. However, Instrumentholders should be aware that there may necessarily be some delay between the time at which any of the above events occurs and the time at which it is reported to Instrumentholders.

De-Listing means, for any Share for which the Reference Source is an exchange or a trading system or a quotation system, the Reference Source announces that pursuant to the rules of such Reference Source, such Share ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason (other than a Merger Event or Tender Offer) and is not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Calculation Agent;

Insolvency means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Share Company (A) all the Shares of that Share Company are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares of that Share Company become legally prohibited from transferring them;

Merger Date means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent;

Merger Event means, in respect of any relevant Shares, any (A) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (B) consolidation, amalgamation, merger or binding share exchange of a Share Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which does not result in reclassification or change of all of such Shares outstanding), (C) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Share Company that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (D) consolidation, amalgamation, merger or binding share exchange of the Share Company or its subsidiaries with or into another entity in which the Share Company is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the Merger Date is on or before the Valuation Date or, if there is more than one Valuation Date, the final Valuation Date;

Nationalisation means that all the Shares or all or substantially all of the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof; and

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

[IF THE DEFINITION OF "UNDERLYING" OR "BASKET" IN SCHEDULE 1 INCLUDES A FUND SHARE OR FUND SHARES, INSERT THIS SECTION:

1. *Fund Shares*

[IF MORE THAN ONE TYPE OF UNDERLYING OR BASKET CONSTITUENT IS SET OUT IN THE DEFINITION OF "BASKET" OR "INSTRUMENTS" (A) THE SECTIONS IN THIS SCHEDULE 3 WILL NEED TO BE RENUMBERED APPROPRIATELY AND (B) THE FOLLOWING SHOULD BE INSERTED:

This paragraph 1 and the definitions herein shall only apply in relation to any Fund Share or Fund Shares specified in Schedule 1 in the column headed "Type of Basket Constituent" in the definition of "Basket", or in the column headed "Type of Underlying" in the definition of "Instruments", as the case may be. For any Underlying other than a Fund Share or Fund Shares which are specified in such column, other sections of this paragraph 1, if and to the extent applicable, and the definitions therein shall apply.]

2. *Definitions:*

Affiliate is as defined in Schedule 2;

Net Asset Value means, in relation to a Fund Share, the net asset value or other equivalent value for such Fund Share as determined by the Calculation Agent;

Other Exchange means, with respect to a Fund Share, each exchange, trading system or quotation system other than the Reference Source on which such Fund Share is listed, traded or quoted;

Realisation Date means, for the purposes of substituting any Fund Share pursuant to paragraph 4:

[INSERT ONE OF THE FOLLOWING OPTIONS]

- [(i) the [fifth] Trading Day following the Substitution Determination Date or, if earlier,
- (ii) the [*Insert number*] Trading Day prior to any date falling [on or] after the Substitution Determination Date on which the Calculation Agent would be required by the Conditions to determine the price or value of such Fund Shares;]

/OR:

[the earliest of

- (i) the date on which the Calculation Agent determines that a market counterparty holding the Fund Shares to be substituted (including the Issuer or any Affiliate, if applicable) would be able to reasonably liquidate, redeem or otherwise dispose of such Fund Shares;
- (ii) the date falling one year after the Substitution Determination Date; and

- (iii) the [*Insert number*] Trading Day prior to any date falling [on or] after the Substitution Determination Date on which the Calculation Agent would be required by the Conditions to determine the price or value of such Fund Shares];

Reference Currency is as defined in Schedule 2 or, if not defined in Schedule 2, is the Settlement Currency;

Reference Level is as defined in Schedule 2;

Reference Source is as defined in Schedule 1;

Related Exchange means, unless otherwise defined in Schedule 1, with respect to a Fund Share, any exchange, trading system or quotation system on which options contracts or futures contracts on such Fund Share are traded as determined by the Calculation Agent;

Relevant Country means each of

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency or the Settlement Currency is the legal tender or currency; and
- (ii) any country (or any political or regulatory authority thereof) with which a Fund Share or the related Fund has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to the country in which the Fund is incorporated or organised and/or such other factor(s) as it may deem appropriate,

all as determined by the Calculation Agent;

Relevant Time means, with respect to any Fund Share, the relevant time by reference to which the Calculation Agent determines the price or value of such Fund Share for the purposes of determining the Reference Level;

Settlement Currency is as defined in paragraph [28] of the table at the beginning of these Final Terms; and

Substitution Determination Date is as defined in paragraph 4(c) below.

3. *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition [4] if a Market Disruption Event has occurred on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by the Conditions to determine the price or value of a Fund Share.

Market Disruption Event means:

[IF THE REFERENCE SOURCE FOR ANY FUND SHARE IS AN EXCHANGE, A TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING TWO LINES IF SECTION (II) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- (i) where the Reference Source for any Fund Share is an exchange, a trading system or a quotation system as determined by the Calculation Agent,
 - (a) the occurrence or existence on any Trading Day at the Relevant Time for such Fund Share or at any time during the one hour period that ends at the Relevant Time for such Fund Share:
 - (i) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits permitted by the relevant Reference Source or any Related Exchange or otherwise):
 - (A) of Fund Share on the Reference Source or any Other Exchange; or
 - (B) in options contracts or futures contracts relating to the Fund Share on any Related Exchange; or
 - (ii) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in relation to or to obtain market values for the Fund Share on the relevant Reference Source or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to such Fund Share on any Related Exchange; or
 - (b) the closure on any Trading Day of the Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour prior to (i) the actual closing time for the regular trading session on such Reference Source or such Related Exchange on such Trading Day or, if earlier, (ii) the submission deadline (if applicable) for orders to be entered into the Reference Source or such Related Exchange system for execution at the Relevant Time on such Trading Day. A **Scheduled Closing Time** is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or
 - (c) a general moratorium is declared in respect of banking activities in any Relevant Country; [or]

[INSERT IF THE REFERENCE SOURCE FOR ANY FUND SHARE IS LOCATED IN AN EMERGING MARKET COUNTRY:]

- (d) where the Reference Currency is different from the Settlement Currency, the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer and/or any of its Affiliates from:
 - (i) converting the Reference Currency into the Settlement Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls

restricting or prohibiting such conversion or transfer, as the case may be;

- (ii) converting the Reference Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
 - (iii) delivering the Reference Currency or Settlement Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
 - (iv) transferring the Reference Currency or Settlement Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country; or
- (e) a Relevant Country (i) imposes any controls or announces its intention to impose any controls or (ii)(A) implements or announces its intention to implement or (B) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer and/or any of its Affiliates' ability to acquire, hold, transfer or realise or otherwise to effect transactions in relation to such Fund Share,

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments]; and/.]

[IF THE REFERENCE SOURCE FOR ANY FUND SHARE IS NOT AN EXCHANGE OR TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING TWO LINES IF SECTION (I) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- [(ii)] where the Reference Source for any Fund Share is not an exchange a trading system or a quotation system as determined by the Calculation Agent,]
- (a) it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of such Fund Share by reference to such Reference Source in the manner specified in the definition of "Reference Level" in Schedule 1 or in "Information relating to the Underlying" attached in Schedule ● to the Final Terms , or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise); or
 - (b) *[if section (i) is included above, insert: any event occurs as described in 1.1.2.(i)(c) [Insert if the Reference Source for any Fund Share is located in an Emerging Market Country:, 1.1.2.(i)(d) and 1.1.2.(i)(e)] above in relation to such Share,] OR [if section (i) is not included above, insert 1.1.2.(i)(c), 1.1.2.(i)(d) and 1.1.2.(i)(e) here renumbered as 1.1.2.(i)(a), 1.1.2.(i)(b) and 1.1.2.(i)(c) respectively]*

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances

as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments.

INSERT IF THERE SHALL BE WIDE DISCRETION TO DEAL WITH FUND EVENTS.

4. Extraordinary Fund Events

If an Extraordinary Fund Event occurs or has occurred in relation to a Fund or its Fund Shares (each such Fund, an **Affected Fund**), the Issuer may take any action described in (a), [or] (b) [or (c)] below:

- (a) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for that Extraordinary Fund Event and determine the effective date of that adjustment; or
- (b) cancel the Instruments by giving notice to Instrumentholders in accordance with General Condition [4]. If the Instruments are so cancelled, the Issuer will pay an amount to each Instrumentholder in respect of each Instrument held by such Instrumentholder which amount shall be the fair market value of a Instrument taking into account the Extraordinary Fund Event less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Instrumentholders in accordance with General Condition [4]; [or]
- [(c) determine that such Fund shall be replaced in accordance with paragraph 5 below and determine the relevant **Substitution Determination Date**, being the date such determination is made or such other date as the Issuer determines to be appropriate by reference to such factor(s) as it may select including, without limitation, any hedging arrangements carried out by the Issuer and/or any of its Affiliates in relation to the Instruments],

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments.

The Calculation Agent may, but need not, determine the appropriate adjustment for the purposes of (1) above by reference to the adjustment in respect of such Extraordinary Fund Event made by a Related Exchange (if any) to options contracts or futures contracts on the relevant Fund Share traded on that Related Exchange. Any adjustment or replacement made to account for an Extraordinary Fund Event may take into account, as the Calculation Agent deems appropriate, any tax, duty, withholding, deduction or other charge whatsoever (including but not limited to a change in the tax consequences) for the Issuer or any Affiliate as a result of the Extraordinary Fund Event. Such change in tax consequences may include, but is not limited to, any changes resulting from any hedging arrangements carried out by the Issuer or any Affiliate in relation to Instruments. If any adjustment or replacement is made to account for any Extraordinary Fund Event, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition [4], stating the adjustment or replacement made and giving brief details of the Extraordinary Fund Event.

Extraordinary Fund Event means any of the following:

- (i) any change and/or modification of the currency, strategy, objectives, guidelines and/or investment policies of a Fund or a Master Fund (including but not limited to any change and/or modification of the Fund Information Document) from those prevailing on the Inclusion Date;
- (ii) the insolvency, liquidation (whether voluntary or involuntary) or bankruptcy of, or any analogous proceedings affecting, a Fund, its Manager, its Administrator or its Master Fund;
- (iii) the cancellation of the registration or the approval of a Fund, its Manager or its Master Fund by any relevant authority; or any suspension of a Fund, its Manager or its Master Fund by any relevant authority; or a Fund, its Manager or its Master Fund becomes subject to any investigation by any relevant governmental, legal or regulatory authority;
- (iv) the occurrence of a Fund Merger Event (as defined below);
- (v) a Market Disruption Event continues for [*Insert number*] consecutive Trading Days;
- (vi) the Fund or any party acting on its behalf imposes any restriction, charge or fee in respect of the purchase, subscription, sale or redemption of Fund Shares (other than any restriction, charge or fee in existence as at the Inclusion Date);
- (vii) where a buy or sell order is submitted by Deutsche Bank or any Affiliate in accordance with the relevant procedures of a Fund, the inability of Deutsche Bank AG or any Affiliate to buy or sell Fund Shares on any Trading Day at, or at a value that equates to, the Net Asset Value of Fund Share for such Trading Day;
- (viii) any action is taken, or proposed to be taken, by an authority leading to, or which could reasonably be expected to lead to, the adoption or promulgation of, or any change in, any applicable law or regulation after the Inclusion Date, or the issuance of any directive or any change in the interpretation thereof, whether formal or informal, by any court, tribunal or regulatory authority after the Inclusion Date (any such action, proposed action, adoption, promulgation or change, a "Change"), as a result of which the Issuer or any of its Affiliates would, if holding, purchasing or selling any Fund Shares, (a) be required, or there is a substantial likelihood (as determined by the Calculation Agent) that the Issuer or any of its Affiliates would be required, to pay an amount in respect of tax (howsoever arising) which would not have been the case as of the Inclusion Date, or (b) receive, or there is a substantial likelihood (as determined by the Calculation Agent) that the Issuer or any of its Affiliates would receive, a payment in respect of which an amount in respect of tax (howsoever arising) would be deducted which would not have been the case as of the Inclusion Date;
- (ix) (a) as a result of any Change or for any other reason, it would be or would become unlawful or impractical for the Issuer or any of its Affiliates to

hold, purchase or sell any Fund Shares and this was not the case as of the Inclusion Date, or

- (b) [any event occurs that would, if Deutsche Bank AG and/or any of its Affiliates were holding, purchasing or selling any Fund Shares, have the effect of: (i) imposing on Deutsche Bank and/or any of its Affiliates, any reserve, special deposit, or similar requirement which did not exist as of the Inclusion Date or modifying any such requirement existing as at the Inclusion Date; or (ii) affecting the amount of regulatory capital that would have to be maintained by the Issuer and/or any of its Affiliates in connection with any hedging arrangements carried out by the Issuer or any Affiliate in relation to the Instruments [subsequent to the Inclusion Date] or modifying any such requirement existing as at the Inclusion Date;
- (x) a redemption of Fund Shares in the form of a distribution of non-cash assets;
- (xi) [the provision by a Fund Manager, or any third party, to the Issuer or any of its Affiliates of any information with regard to the asset composition of a Fund that would lead to the presumption that a Fund or Manager is investing in illiquid assets and such investment could have a detrimental effect on the Net Asset Value of the relevant Fund;]
- (xii) a Fund ceases to trade and/or a Manager or Administrator ceases its activity as manager or administrator of such Fund;
- (xiii) a change in Manager or Administrator occurs in circumstances not otherwise specified herein;
- (xiv) the occurrence of a Potential Fund Adjustment Event or a De-Listing (as defined below); or
- (xv) any event occurs as a result of which the determination of the Reference Level becomes and is likely to remain for the foreseeable future impossible or impracticable.

De-Listing means, for any Fund Share for which the Reference Source is an exchange, a trading system or a quotation system, the Reference Source announces that pursuant to the rules of such Reference Source, the Fund Share ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason (other than a Fund Merger Event) and is not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Calculation Agent.

Fund Merger Event means, in respect of a Fund, its Manager or its Master Fund:

- (i) an irrevocable commitment to transfer all of the relevant Fund Shares or shares or units in such Master Fund outstanding; or
- (ii) a consolidation, amalgamation or merger of such Fund, such Manager or such Master Fund with or into another fund or fund manager other than a consolidation, amalgamation or merger in which such Fund or its Master Fund or its Manager is the continuing Fund, Master Fund or Manager, as the case may be; or

- (iii) a takeover offer for such Fund, Master Fund or Manager that results in a transfer of or an irrevocable commitment to transfer all of the relevant Fund Shares or shares or units in such Master Fund or all the shares of such Manager (other than Fund Shares or shares owned or controlled by the offeror).]

Potential Fund Adjustment Event means, in respect of a Fund or a Master Fund:

- (i) a subdivision, consolidation or reclassification of such Fund or Master Fund (unless a Fund Merger Event);
- (ii) an extraordinary distribution or dividend; or
- (iii) any other event (excluding a distribution or dividend) that may have an economic, dilutive, concentrative or other effect on the theoretical value of the Net Asset Value of such Fund.

[INSERT IF THERE SHALL BE LESS DISCRETION TO DEAL WITH FUND EVENTS:

4. Extraordinary Fund Events

Following the occurrence of a Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Fund Share and, if so, will (1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that dilutive or concentrative or other effect; and (2) determine the effective date of that adjustment.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition [4], stating the adjustment made to the Conditions and giving brief details of the Potential Adjustment Event.

The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Extraordinary Fund Event made by a Related Exchange (if any) to options contracts or futures contracts on the relevant Fund Share traded on that Related Exchange. Any adjustment or replacement made to account for an Extraordinary Fund Event may take into account, as the Calculation Agent deems appropriate, any tax, duty, withholding, deduction or other charge whatsoever (including but not limited to a change in the tax consequences) for the Issuer or any Affiliate as a result of the Extraordinary Fund Event. Such change in tax consequences may include, but is not limited to, any changes resulting from any hedging arrangements carried out by the Issuer or any Affiliate in relation to Instruments.

Potential Adjustment Event means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Fund Shares (unless a Fund Merger Event) or a free distribution or dividend of any such Fund Shares to existing holders by way of bonus, capitalisation or similar issue;

- (ii) a distribution or dividend to existing holders of relevant Fund Shares of (1) such Fund Shares, or (2) other share capital or securities granting the right to payment of dividends, redemption amounts or other amounts and/or delivery of assets and/or the proceeds of liquidation of the Fund equally or proportionately with such payments or deliveries to holders of such Fund Shares, or (3) share capital or other securities of another issuer acquired by the Fund as a result of a "spin-off" or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an extraordinary dividend;
- (iv) a call by the Fund in respect of relevant Fund Shares that are not fully paid;
- (v) the Fund repurchases, redeems or is required by any applicable regulatory authority to repurchase or redeem relevant Fund Shares (other than in accordance with normal redemption or realisation procedures for such Fund Shares) whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) with respect to a Fund an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a "poison pill" being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Fund (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights);
- (vii) the occurrence of a tender offer (a **Tender Offer**) by any entity or person to purchase more than 10 per cent. but less than 50 per cent. of the outstanding voting shares of any class of shares of the Fund, as determined by the Calculation Agent based upon the making of filings with governmental agencies and/or the nature and term of the Tender Offer; or
- (viii) any material change in the formula for or the method of calculating of the net asset value or other price or value of the relevant Fund Share, or in the composition or weighting of the prices or assets on the basis of which such net asset value or other price or value is calculated; or
- (ix) any other event that may have, in the opinion of the Calculation Agent, a dilutive or concentrative or other effect on the theoretical value of the Fund Shares.

5. *Merger Event, De-Listing, Insolvency and Other Event*

If a Fund Merger Event, De-Listing, Insolvency or Other Event occurs in relation to relevant Fund Shares, the Issuer may take any action described in (a), [or] (b) [or (c)] below:

- (a) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Fund Merger Event, De-Listing, Insolvency or Other Event, as the case may be, and determine the effective date of that adjustment. The

Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Fund Merger Event, De-Listing, Insolvency or Other Event made by an options exchange to options on the Fund Share traded on that options exchange; or

- (b) cancel the Instruments by giving notice to Instrumentholders in accordance with General Condition [4]. If the Instruments are so cancelled, the Issuer will pay an amount to each Instrumentholder in respect of each Instrument held by such Instrumentholder which amount shall be the fair market value of a Instrument taking into account the Fund Merger Event, De-Listing, Insolvency or Other Event, as the case may be, less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Instrumentholders in accordance with General Condition [4]; or
- (c) determine that such Fund shall be replaced in accordance with paragraph 6 below and determine the relevant **Substitution Determination Date**, being the date such determination is made or such other date as the Issuer determines to be appropriate by reference to such factor(s) as it may select including, without limitation, any hedging arrangements carried out by the Issuer and/or any of its Affiliates in relation to the Instruments].

Upon the occurrence of a Fund Merger Event, De-Listing, Insolvency or Other Event, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition [4] stating the occurrence of the Fund Merger Event, De-Listing, Insolvency or Other Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. However, Instrumentholders should be aware that there may necessarily be some delay between the time at which any of the above events occurs and the time at which it is reported to Instrumentholders.

De-Listing means, for any Fund Share for which the Reference Source is an exchange, a trading system or a quotation system, the Reference Source announces that pursuant to the rules of such Reference Source, the Fund Share ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason (other than a Fund Merger Event) and is not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Calculation Agent.

Insolvency means, in relation to a Fund Share, (A) the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution, winding-up or other cessation of trading of or any analogous proceeding in relation to (i) the relevant Fund or (ii) the relevant Master Fund or (iii) unless replaced with a successor acceptable to the Calculation Agent, the relevant Administrator or the relevant Manager or (B) all such Fund Shares are required to be transferred to a trustee, liquidator or other similar official.

Fund Merger Event means, in respect of a Fund, its Manager or its Master Fund:

- (i) an irrevocable commitment to transfer all of the relevant Fund Shares or shares or units in such Master Fund outstanding; or
- (ii) a consolidation, amalgamation or merger of such Fund, such Manager or such Master Fund with or into another fund or fund manager other than a consolidation, amalgamation or merger in which such Fund or its Master Fund or its Manager is the continuing Fund, Master Fund or Manager, as the case may be; or
- (iii) a takeover offer for such Fund, Master Fund or Manager that results in a transfer of or an irrevocable commitment to transfer all of the relevant Fund Shares or shares or units in such Master Fund or all the shares of such Manager (other than Fund Shares or shares owned or controlled by the offeror).

Other Event means:

- (i) the Administrator or the Manager or the administrator or the manager of the Master Fund ceases to act in its capacity as administrator or manager of the Fund or the Master Fund, as the case may be, and is not immediately replaced in such capacity by a successor acceptable to the Calculation Agent,
- (ii) a material modification of the investment objectives, investment policies, investment strategy, investment process or investment guidelines (however described) (**investment guidelines**) of the Fund or the Master Fund,
- (iii) a material modification or breach (other than any modifications referred to in (ii) above) of the conditions in place for the relevant Fund and/or the relevant Master Fund (including but not limited to a modification or breach of the Fund Information Document or the memorandum and articles of association or other constitutional documents of the Fund or any offering circular, prospectus, information memorandum or similar document (including any document supplementing, amending or restating the same) or memorandum and articles of association or other constitutional documents of the Master Fund),
- (iv) interruption, breakdown or suspension of the calculation or publication of the net asset value or other value or price of the Master Fund,
- (v) a material modification of the type of assets in which the Fund and/or the Master Fund invests or the trading practices of the Fund or the Master Fund (including but not limited to a material deviation from the investment guidelines set out in any Fund Information Document) which, in the determination of the Calculation Agent, has or is likely to have a material effect on the hedging arrangements entered into by the Issuer and/or any of its Affiliates in respect of the Instruments,
- (vi) the non-execution or partial execution or delayed execution by or on behalf of the Fund for any reason of a subscription or redemption order in respect of any Fund Shares given by the Issuer and/or any of its Affiliates,
- (vii) the Fund otherwise suspends redemptions of any Fund Shares,

- (viii) the Fund or any party acting on its behalf imposes any restriction, charge or fee in respect of a redemption or issue of Fund Shares (other than any restriction, charge or fee in existence as at the Issue Date of the Instruments),
- (ix) the Fund, the Master Fund, the manager of the Master Fund or the Manager has any relevant licence, authorisation or registration cancelled or revoked by any applicable regulatory authority and/or the Issuer and/or any Affiliate is required by an applicable regulatory authority to dispose of any Fund Shares held in connection with any hedging arrangements relating to the Instruments,
- (x) there is a change in the taxation treatment in any relevant jurisdiction in respect of any payments and/or deliveries made by a Fund or any reinvested amounts held by a Fund in respect of any Fund Shares as a result of which the amounts and/or assets realised by the Issuer and/or any Affiliate in connection with hedging arrangements relating to the Instruments are materially reduced or otherwise adversely affected,
- (xi) any other event occurs in relation to the relevant Fund or the relevant Fund Shares, which, in the determination of the Calculation Agent, has a material adverse effect on the value of such Fund Shares and/or the hedging activities of the Issuer and/or any Affiliate in connection with the Instruments and which is not a Potential Adjustment Event and/or
- (xii) the occurrence of a Potential Adjustment Event for which an adjustment in accordance with paragraph 4 above is, in the determination of the Calculation Agent, for any reason not possible or not reasonably practical.]

6. Fund Substitution

If the Issuer determines that Fund Shares (the **Affected Fund Shares**) should be substituted pursuant to paragraph 4 above, the Calculation Agent shall, on or prior to the Realisation Date substitute the relevant Fund Shares with new fund shares (the **New Fund Shares** and the related fund, the **New Fund**) provided the New Fund has the same or similar strategy, objectives, guidelines and investment policies as specified in the Fund Information Document (as determined by the Calculation Agent in its reasonable discretion) and provided that the currency of the New Fund Shares is the same as that for the Affected Fund Shares.

If Affected Fund Shares are substituted pursuant to this provision, the Calculation Agent shall make such adjustments to the Conditions as it in its reasonable discretion deems appropriate to account for such substitution. For the avoidance of doubt, the Calculation Agent shall determine the effect of such substitution on any relevant Reference Level by taking into account the contribution to the Reference Level of the Affected Fund Shares by reference to the value at which the Fund Shares of the Affected Fund could have been redeemed, liquidated or disposed of at the date that the substitution takes place (or, if any of the Affected Fund Shares could not reasonably be redeemed, liquidated or disposed of such value shall be deemed to be zero or such other value reflective of their market value, in the determination of the Calculation Agent).

[IF THE DEFINITION OF "UNDERLYING" OR "BASKET" IN SCHEDULE 1 INCLUDES AN INDEX OR INDICES, INSERT THIS SECTION:]

1. *Indices*

[IF MORE THAN ONE TYPE OF UNDERLYING OR BASKET CONSTITUENT IS SET OUT IN THE DEFINITION OF "BASKET" OR "INSTRUMENTS" (A) THE SECTIONS IN THIS SCHEDULE 3 WILL NEED TO BE RENUMBERED APPROPRIATELY AND (B) THE FOLLOWING SHOULD BE INSERTED:]

This paragraph 1 and the definitions herein shall only apply in relation to any Index or Indices specified in Schedule 1 in the column headed "Type of Basket Constituent" in the definition of "Basket" in Schedule 1, or in the column headed "Type of Underlying" in the definition of "Instruments", as the case may be. For any Underlying other than an Index or Indices which are specified in such column, other sections of this paragraph 1, if and to the extent applicable, and the definitions therein shall apply.]

2. *Definitions:*

Affiliate is as defined in Schedule 2;

Index means (i) the or, as the case may be, each index specified in the definition of "Underlying", "Instruments" or "Basket", as the case may be, in Schedule 1 (each a **Principal Index**) and (ii) any index included in any Principal Index, or used for the calculation or determination of any Principal Index or any Index Constituent thereof (a **Sub-Index**);

Index Constituent means any security or other asset or reference value (other than a Sub-Index) constituting an Index at a relevant time;

Index Sponsor means (i) in relation to a Principal Index, the sponsor specified for such Principal Index in the definition of "Underlying", "Instruments" or "Basket", as the case may be, in Schedule 1 and (ii) in relation to a Sub-Index, the entity determined by the Calculation Agent to be principally responsible for the determination and publication of such Sub-Index, provided that, in either case all references to an Index Sponsor shall include any Successor Sponsor (as defined below);

Reference Currency (i) in relation to a Principal Index, is as defined in Schedule 2 or, if not defined in Schedule 2, is the Settlement Currency and (ii) in relation to an Index Constituent or a Sub-Index, is the currency in which the Index Constituent or Sub-Index is denominated or quoted or with which it is most closely connected, as determined by the Calculation Agent;

Reference Level is as defined in Schedule 2;

Reference Source (i) in relation to a Principal Index, is as defined in Schedule 1 and (ii) in relation to any Sub-Index or Index Constituent, is the reference source or reference sources determined by the Calculation Agent to be applicable to the valuation of such Sub-Index or such Index Constituent, as the case may be, for the purposes of determining the Reference Level;

Related Exchange means, unless otherwise defined in Schedule 1, with respect to an Index or an Index Constituent, any exchange, trading system or quotation system on which options contracts or futures contracts on such Index or such Index Constituent are traded, as determined by the Calculation Agent;

Relevant Country means, each of:

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency or the Settlement Currency is the legal tender or currency and
- (ii) any country (or any political or regulatory authority thereof) with which an Index or an Index Constituent has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to the country or countries in which the Index is calculated or published, the issuer of the Index Constituent is incorporated and/or such other factor(s) as it may deem appropriate,

all as determined by the Calculation Agent.

Relevant Time means, with respect to an Index or an Index Constituent, the relevant time by reference to which the relevant Index Sponsor determines the price or value of such Index or such Index Constituent for the purposes of determining the Reference Level; and

Settlement Currency is as defined in paragraph [28] in the table at the beginning of these Final Terms above.

3. *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition [15] (*Notices*) if a Market Disruption Event has occurred on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by this paragraph 2 to determine the level of an Index.

Market Disruption Event means:

[IF THE REFERENCE SOURCE FOR ANY INDEX OR INDEX CONSTITUENT IS AN EXCHANGE, A TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING THREE LINES IF SECTION (II) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- (i) where the Reference Source for an Index or an Index Constituent is an exchange, a trading system or a quotation system as determined by the Calculation Agent,
 - (a) the occurrence or existence on any Trading Day at the Relevant Time for such Index or such Index Constituent or at any time during the one hour period that ends at the Relevant Time for such Index or such Index Constituent:
 - (i) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits

permitted by any Reference Source or any Related Exchange or otherwise):

- (A) on any Reference Source as a whole; or
 - (B) on any Related Exchange of any options contracts or futures contracts on or relating to any Index or any Index Constituent; or
 - (C) on any exchange or trading system or quotation system on which an Index Constituent is listed or quoted of such Index Constituent; or
- (ii) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in relation to or to obtain market values for such Index or such Index Constituent on the relevant Reference Source or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to such Index or such Index Constituent on any Related Exchange; or
- (b) the closure on any Trading Day of any Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour prior to (aa) the actual closing time for the regular trading session on such Reference Source or such Related Exchange on such Trading Day or, if earlier, (bb) the submission deadline (if applicable) for orders to be entered into such Reference Source or such Related Exchange system for execution at the Relevant Time on such Trading Day. A **Scheduled Closing Time** is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or
- (c) a general moratorium is declared in respect of banking activities in any Relevant Country; [or]

[INSERT IF THE REFERENCE SOURCE FOR ANY INDEX OR INDEX CONSTITUENT IS LOCATED IN AN EMERGING MARKET COUNTRY]

- (d) in relation to a Reference Currency for a Principal Index, a Sub-Index or an Index Constituent which is different from the Settlement Currency, the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Hedging Counterparty and/or any of its Affiliates from:
- (i) converting such Reference Currency into the Settlement Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;

- (ii) converting such Reference Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
 - (iii) delivering such Reference Currency or Settlement Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
 - (iv) transferring such Reference Currency or Settlement Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country; or
- (e) a Relevant Country (a) imposes any controls or announces its intention to impose any controls or (b)(i) implements or announces its intention to implement or (ii) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Hedging Counterparty and/or any of its Affiliates' ability to acquire, hold, transfer or realise such Index Constituent or to effect transactions in relation to such Index,

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Hedging Counterparty and/or any of its Affiliates in relation to the Instruments[; and/.]

IF THE REFERENCE SOURCE FOR ANY INDEX OR INDEX CONSTITUENT IS NOT AN EXCHANGE OR TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING THREE LINES IF SECTION (I) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- (ii) where the Reference Source for an Index or an Index Constituent is not an exchange, a trading system or a quotation system as determined by the Calculation Agent,]
 - (a) it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of such Index or Index Constituent by reference to such Reference Source in the manner specified in the definition of "Reference Level" in Schedule 2 or in "Information relating to the Underlying" attached in Schedule [●] to the Final Terms , or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise); or
 - (b) [if section (i) is included above, insert: any event occurs, as described in 1.1.2.(i)(c) [Insert if the Reference Source for any Index or Index Constituent is located in an Emerging Market Country:, 1.1.2.(i)(d) and/or 1.1.2.(i)(e)] above in relation to any such Index or Index Constituent,] **OR** [if section (i) is not included above, insert 1.1.2.(i)(c), 1.1.2.(i)(d), and 1.1.2.(i)(e) here renumbered as 1.1.2.(i)(a), 1.1.2.(i)(b), and 1.1.2.(i)(c) respectively]

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments.

4. Adjustments to the Index

The Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition [15] (*Notices*) of any determination made by it pursuant to paragraph 4.1 or 4.2 below.

4.1. If an Index is:

- (a) not calculated and announced by the relevant Index Sponsor but is calculated and published by a successor sponsor (the **Successor Sponsor**) acceptable to the Calculation Agent; or
- (b) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index,

then in each case that Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.

4.2 If on or prior to any date with respect to which the Calculation Agent is required by this paragraph 2 to determine the level of an Index, the relevant Index Sponsor or, if applicable, the Successor Sponsor (i) makes or announces that it will make a material change in the formula for or the method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation and other routine events) (an **Index Modification**) or (ii) permanently cancels that Index (an **Index Cancellation**) or (iii) fails to calculate and announce that Index (an **Index Disruption**) and, in each case, paragraph 4.1(a) or 4.1(b) does not apply, then the [Hedging Counterparty] may take any action described in 4.2(a) or 4.2(b) below:

- (a) require the Calculation Agent to determine the level of that Index on that date using, in lieu of a published level for that Index, the level for that Index as at that date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the Index Modification, Index Cancellation or Index Disruption but using only those Index Constituents that comprised that Index immediately prior to the Index Modification, Index Cancellation or Index Disruption; or
- (b) cancel the Instruments by giving notice to Instrumentholders in accordance with General Condition [15] (*Notices*). If the Instruments are so cancelled, the Issuer will pay an amount to each Instrumentholder in respect of each Instrument held by such Instrumentholder which amount shall be the fair market value of a Instrument taking into account the Index Modification, Index Cancellation or Index Disruption, as the case may be, less the cost to the Issuer and/or any of its Affiliates of unwinding any

underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Instrumentholders in accordance with General Condition [4] (*Payments, Deliveries, Instrumentholder Expenses and Taxation*).

[INSERT FOR DEUTSCHE BANK PROPRIETARY INDEX, IF APPLICABLE:]

Where provisions for the calculation of an Index are set out in "Information Relating to the Underlying" attached in Schedule [●] to the Final Terms then, for the avoidance of doubt, all the provisions set out in such sections are an integral part of how such Index is calculated and no calculation of such Index pursuant to any such provisions (including, but not limited to, any change in any Applicable Percentage or any operation of the provisions, if any, set out therein) will constitute an Index Modification as referred to above in paragraph 4.2 or necessitate any determination by the Calculation Agent pursuant to this paragraph 4.2.]

- 4.3 The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Instrumentholder of any determination made by it pursuant to this paragraph 4.3 which occurs on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Instrumentholders copies of any such determinations.

[IF THE DEFINITION OF "UNDERLYING" OR "BASKET" IN SCHEDULE 1 INCLUDES A COMMODITY OR COMMODITIES, INSERT THIS SECTION:]

1. *Commodities*

[IF MORE THAN ONE TYPE OF UNDERLYING OR BASKET CONSTITUENT IS SET OUT IN THE DEFINITION OF "BASKET" OR "INSTRUMENTS" (A) SECTIONS IN THIS SCHEDULE 3 WILL NEED TO BE RENUMBERED APPROPRIATELY AND (B) THE FOLLOWING SHOULD BE INSERTED:]

This paragraph 1 and the definitions herein shall only apply in relation to any Commodity or Commodities specified in Schedule 1 in the column headed "Type of Basket Constituent" in the definition of "Basket", or in the column headed "Type of Underlying" in the definition of "Instruments", as the case may be. For any Underlying other than a Commodity or Commodities which are specified in such column, other sections of this paragraph 1, if and to the extent applicable, and the definitions therein shall apply.]

2. *Definitions:*

Affiliate is as defined in Schedule 2;

Other Exchange means, with respect to a Commodity, each exchange, trading system or quotation system other than the Reference Source on which such Commodity is listed, traded or quoted;

Reference Currency is as defined in Schedule 2 or, if not defined in Schedule 2, is the Settlement Currency;

Reference Level is as defined in Schedule 2;

Reference Source is as defined in Schedule 1;

Related Exchange means, unless otherwise defined in Schedule 1, with respect to a Commodity, any exchange, trading system or quotation system on which options contracts or futures contracts on such Commodity are traded as determined by the Calculation Agent;

Relevant Country means, each of

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency or the Settlement Currency is the legal tender or currency and
- (ii) any country (or any political or regulatory authority thereof) with which the Commodity, or the Reference Source, has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to such factor(s) as it may deem appropriate,

all as determined by the Calculation Agent.

Relevant Time means, with respect to any Commodity, the relevant time by reference to which the Calculation Agent determines the price or value of such Commodity for the purposes of determining the Reference Level; and

Settlement Currency is as defined in paragraph [28] in the table at the beginning of these Final Terms.

3. *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition [4] if a Market Disruption Event has occurred on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by the Conditions to determine the price or value of a Commodity.

Market Disruption Event means:

[IF THE REFERENCE SOURCE FOR ANY COMMODITY IS AN EXCHANGE, A TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING TWO LINES IF SECTION (II) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- (i) where the Reference Source for any Commodity is an exchange, a trading system or a quotation system as determined by the Calculation Agent,
 - (a) the occurrence or existence on any Trading Day at the Relevant Time for such Commodity or at any time during the one hour period that ends at the Relevant Time for such Commodity:
 - (i) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits permitted by the relevant Reference Source or any Related Exchange or otherwise):

- (A) of the Commodity on the Reference Source or any Other Exchange; or
 - (B) in options contracts or futures contracts relating to the Commodity on any Related Exchange; or
- (ii) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in relation to or to obtain market values for the Commodity on the relevant Reference Source or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to such Commodity on any Related Exchange; or
- (b) the closure on any Trading Day of the Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour prior to (aa) the actual closing time for the regular trading session on such Reference Source or such Related Exchange on such Trading Day or, if earlier, (bb) the submission deadline (if applicable) for orders to be entered into the Reference Source or such Related Exchange system for execution at the Relevant Time on such Trading Day. A **Scheduled Closing Time** is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or
- (c) a general moratorium is declared in respect of banking activities in any Relevant Country; [or]

[INSERT IF THE REFERENCE SOURCE FOR ANY COMMODITY IS LOCATED IN AN EMERGING MARKET COUNTRY:]

- (d) where the Reference Currency is different from the Settlement Currency, the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer and/or any of its Affiliates from:
 - (i) converting the Reference Currency into the Settlement Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
 - (ii) converting the Reference Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
 - (iii) delivering the Reference Currency or Settlement Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
 - (iv) transferring the Reference Currency or Settlement Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country; or

- (e) a Relevant Country (a) imposes any controls or announces its intention to impose any controls or (b)(i) implements or announces its intention to implement or (ii) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer and/or any of its Affiliates' ability to acquire, hold, transfer or realise or otherwise to effect transactions in relation to such Commodity,

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments[; and/.]

[IF THE REFERENCE SOURCE FOR ANY COMMODITY IS NOT AN EXCHANGE OR TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING TWO LINES IF SECTION (I) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- (ii) where the Reference Source for any Commodity is not an exchange, a trading system or a quotation system as determined by the Calculation Agent,
 - (a) it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of such Commodity by reference to such Reference Source in the manner specified in the definition of "Reference Level" in Schedule 2 or in "Information relating to the Underlying" attached in Schedule ● to the Final Terms , or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise); or
 - (b) *[if section (i) is included above, insert: any event occurs as described in 3(i)(c) [Insert if the Reference Source for any Commodity is located in an Emerging Market Country:, 3(i)(d) and/or 3(i)(e)] above in relation to such Commodity,] OR [if section (i) is not included above, insert 3(i)(c), 3(i)(d) and 3(i)(e) here renumbered as 3(i)(a), 3(i)(b) and 3(i)(c) respectively]*

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments.

4. Potential Adjustment Events

If a Potential Adjustment Event occurs or has occurred, the Calculation Agent shall (1) determine the appropriate adjustment, if any, to any one or more of the Conditions; and (2) determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by a Related Exchange to options contracts or futures contracts on the relevant Commodity traded on that Related Exchange.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition [4], stating the adjustment made to the Conditions and giving brief details of the Potential Adjustment Event.

Potential Adjustment Event means any of the following:

- (i) the Commodity is traded on the Reference Source in a different quality or another composition (for example in a different degree of purity or with a different point of origin);
- (ii) any other event or measure as a result of which the Commodity, as traded on the Reference Source, is changed or altered;
- (iii) option contracts or futures contracts on or relating to the Commodity as traded on any Related Exchange are altered in the manner described under paragraphs (i) or (ii) above.

5. *Cessation of Trading and Other Termination Event*

5.1 Where the Reference Source for such Commodity is an exchange or a trading system or a quotation system, if the Reference Source announces that pursuant to the rules of such Reference Source, such Commodity ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason and is not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Calculation Agent (**Cessation of Trading**), or

5.2 if, after the occurrence of a Potential Adjustment Event, an adjustment in accordance with paragraph 4 above is, in the determination of the Calculation Agent, for any reason not possible or not reasonably practical (**Other Termination Event**),

the Issuer will cancel the Instruments by giving notice to Instrumentholders in accordance with General Condition [4].

If the Instruments are so cancelled, the Issuer will pay an amount to each Instrumentholder in respect of each Instrument held by such Instrumentholder which amount shall be the fair market value of a Instrument taking into account the Cessation of Trading or Other Termination Event, less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Instrumentholders in accordance with General Condition [4].

Upon the occurrence of such Cessation of Trading or Other Termination Event, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition [4] stating the occurrence of the Cessation of Trading or Other Termination Event. However, Instrumentholders should be aware that there may necessarily be some delay between the time at which any of the above events occur and the time at which it is reported to Instrumentholders.

[IF THE DEFINITION OF "UNDERLYING" OR "BASKET" IN SCHEDULE 1 INCLUDES A FOREIGN EXCHANGE RATE OR FOREIGN EXCHANGE RATES, INSERT THIS SECTION:

1. *Foreign Exchange Rates*

[IF MORE THAN ONE TYPE OF UNDERLYING OR BASKET CONSTITUENT IS SET OUT IN THE DEFINITION OF "BASKET" OR "INSTRUMENTS" (A) THE SECTIONS IN THIS SCHEDULE 3 WILL NEED TO BE RENUMBERED APPROPRIATELY AND (B) THE FOLLOWING SHOULD BE INSERTED:

This paragraph 1 and the definitions herein shall only apply in relation to any Foreign Exchange Rate or Foreign Exchange Rates specified in Schedule 1 in the column headed "Type of Basket Constituent" in the definition of "Basket", or in the column headed "Type of Underlying" in the definition of "Instruments", as the case may be. For any Underlying other than a Foreign Exchange Rate or Foreign Exchange Rates which are specified in such column, other sections of this paragraph 1, if and to the extent applicable, and the definitions therein shall apply.]

2. *Definitions:*

Affiliate is as defined in Schedule 2;

Other Exchange means, with respect to a Rate of Exchange, each exchange, trading system or quotation system other than the Reference Source on which the relevant Rate of Exchange is listed, traded or quoted;

Reference Currency means, with respect to a Rate of Exchange, each currency specified in a Rate of Exchange;

Reference Level is as defined in Schedule 2;

Reference Source is as defined in Schedule 1;

Related Exchange means, unless otherwise defined in Schedule 1, with respect to a Rate of Exchange, any exchange, trading system or quotation system on which options contracts or futures contracts on the relevant Rate of Exchange are traded as determined by the Calculation Agent;

Relevant Country means, with respect to each Rate of Exchange, each of

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency for such Rate of Exchange, or the Settlement Currency is the legal tender or currency; and
- (ii) any country (or any political or regulatory authority thereof) with which a Reference Currency for such Rate of Exchange, or the Reference Source, has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to such factor(s) as it may deem appropriate,

all as determined by the Calculation Agent.

Relevant Time means, with respect to any Rate of Exchange, the relevant time by reference to which the Calculation Agent determines the price or value of such Rate of Exchange for the purposes of determining the Reference Level;

Second Currency means the currency appearing in the second position in a Rate of Exchange; and

Settlement Currency is as defined in paragraph [28] in the table at the beginning of these Final Terms.

3. *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition [4] if a Market Disruption Event has occurred on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by the Conditions to determine the price or value of a Rate of Exchange in the Settlement Currency.

Market Disruption Event means:

[IF THE REFERENCE SOURCE FOR ANY RATE OF EXCHANGE IS AN EXCHANGE, A TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING TWO LINES IF SECTION (II) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- (i) where the Reference Source for any Rate of Exchange is an exchange, a trading system or a quotation system as determined by the Calculation Agent,
 - (a) the occurrence or existence on any Trading Day at the Relevant Time for such Rate of Exchange or at any time during the one hour period that ends at the Relevant Time for such Rate of Exchange:
 - (i) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits permitted by the relevant Reference Source or any Related Exchange or otherwise):
 - (A) of a Second Currency, for its conversion into the relevant First Currency, on the Reference Source or any Other Exchange; or
 - (B) in options contracts or futures contracts relating to a Second Currency, for its conversion into the relevant First Currency, on any Related Exchange; or
 - (ii) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in relation to or to obtain market values for a Second Currency, for its conversion into the relevant First Currency, on the relevant Reference Source or to effect transactions in or obtain market values

for options contracts or futures contracts on or relating to such Second Currency, for its conversion into the First Currency, on any Related Exchange; or

- (b) the closure on any Trading Day of the Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour prior to (aa) the actual closing time for the regular trading session on such Reference Source or such Related Exchange on such Trading Day or, if earlier, (bb) the submission deadline (if applicable) for orders to be entered into the Reference Source or such Related Exchange system for execution at the Relevant Time on such Trading Day. A **Scheduled Closing Time** is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or
- (c) a general moratorium is declared in respect of banking activities in any Relevant Country; [or]

[INSERT IF THE REFERENCE SOURCE FOR ANY RATE OF EXCHANGE IS LOCATED IN AN EMERGING MARKET COUNTRY:]

- (d) the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer and/or any of its Affiliates from:
 - (i) converting a Second Currency into the relevant First Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
 - (ii) converting a Second Currency into the relevant First Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
 - (iii) delivering a First Currency or Second Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
 - (iv) transferring a First Currency or Second Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country; or
- (e) a Relevant Country (a) imposes any controls or announces its intention to impose any controls or (b)(i) implements or announces its intention to implement or (ii) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer and/or any of its Affiliates' ability to acquire, hold, transfer or realise or otherwise to effect transactions in relation to such Rate of Exchange,

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any

hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments[; and/.]

[IF THE REFERENCE SOURCE FOR ANY RATE OF EXCHANGE IS NOT AN EXCHANGE OR TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING TWO LINES IF SECTION (I) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- (ii) where the Reference Source for any Rate of Exchange is not an exchange, a trading system or a quotation system as determined by the Calculation Agent,
 - (a) it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of a Second Currency in the relevant First Currency by reference to such Reference Source in the manner specified in the definition of "Reference Level" in Schedule 2 or in "Information relating to the Underlying" attached in Schedule ● to the Final Terms , or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise); or
 - (b) *[if section (i) is included above, insert: any event occurs as described in 3(i)(c) [Insert if the Reference Source for any Rate of Exchange is located in an Emerging Market Country:, 3(i)(d) and/or 3(i)(e)] above in relation to such Rate of Exchange.] OR [if section (i) is not included above, insert 3(i)(c), 3(i)(d) and 3(i)(e) here renumbered as 3(i)(a), 3(i)(b) and 3(i)(c) respectively]*

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments.

4. Adjustment Event

If a Second Currency is, in its function as legal tender, in the country or jurisdiction, or countries or jurisdictions, maintaining the authority, institution or other body which issues such Reference Currency, replaced by another currency, or merged with another currency to become a common currency (such replacing or merged currency the **New Reference Currency**) and the provisions of paragraph 4 or of General Condition 10 do not apply, such Second Currency shall, within the Rate of Exchange, be replaced by the New Reference Currency (such exchange rate the **New Rate of Exchange**), provided that the New Rate of Exchange shall be calculated on the basis of the number of units of the New Reference Currency determined by the conversion of the number of units of the Second Currency used for the determination of the previous Rate of Exchange into the New Reference Currency using the exchange rate applicable to such conversion, all as determined by the Calculation Agent.

5. Termination Events

If a Reference Currency ceases, for any reason, to be legal tender in the country or jurisdiction, or countries or jurisdictions, maintaining the authority, institution or other body which issues such Reference Currency, and the provisions of paragraph 4 or of

General Condition 10 do not apply, or if an adjustment in accordance with paragraph 4 is, in the determination of the Calculation Agent, for any reason not possible or not reasonably practical, or

where the Reference Source for any Rate of Exchange is an exchange or a trading system or a quotation system, if the Reference Source announces that pursuant to the rules of such Reference Source, the exchange rate between the relevant First Currency and Second Currency ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason and is not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Calculation Agent (**Cessation of Trading**),

(each such event a **Termination Event**), the Issuer will cancel the Instruments by giving notice to Instrumentholders in accordance with General Condition [4].

If the Instruments are so cancelled, the Issuer will pay an amount to each Instrumentholder in respect of each Instrument held by such Instrumentholder which amount shall be the fair market value of a Instrument taking into account the relevant Termination Event, less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Instrumentholders in accordance with General Condition [4].

Upon the occurrence of such Termination Event, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition [4] stating the occurrence of the Termination Event. However, Instrumentholders should be aware that there may necessarily be some delay between the time at which any of the above events occur and the time at which it is reported to Instrumentholders.

SCHEDULE 4 TO THE FINAL TERMS PRODUCT SPECIFIC RISK FACTORS

[TO BE ADDED WHERE RELEVANT TO A PARTICULAR PRODUCT ONLY]

[Hedge Funds and other Alternative Investment Funds]

The Underlying may comprise or be linked to hedge funds and other alternative investment funds (each an **Alternative Investment Fund**). The following is a non-exhaustive list of the risks associated with investing in Alternative Investment Funds.

Trading Advisor: The performance of an Alternative Investment Fund will depend on the performance of the investments selected by the relevant trading advisor (the **Trading Advisor** in respect of an Alternative Investment Fund is the entity which provides investment management services to the Alternative Investment Fund) and, to a great extent, upon the expertise of key individuals associated with the day-to-day operations of the Trading Advisor. Any withdrawal or other cessation of investment activities on behalf of the Trading Advisor by any of these individuals could result in losses and/or the termination or the dissolution of the relevant Alternative Investment Fund. The investment strategy, investment restrictions and investment objectives of an Alternative Investment Fund give its Trading Advisor considerable discretion to invest the assets thereof and there can be no guarantee that the Trading Advisor's investment decisions will be profitable or will effectively hedge against the risk of market or other conditions causing the value of the relevant Alternative Investment Fund to decline. A Trading Advisor will receive performance related fees, which may be substantial. The manner of calculating such fees may create an incentive for the Trading Advisor to make investments that are riskier or more speculative than would be the case if such fees were not paid to the Trading Advisor. In addition, since the performance fees may be calculated on a basis that includes both unrealised and realised gains on the relevant Alternative Investment Fund's assets, such fees may be greater than if they were based solely on realised gains.

Lack of segregation of assets: A prime broker (which may be Deutsche Bank AG London or an affiliate thereof) will be, or will have been, appointed in relation to an Alternative Investment Fund and will accordingly be responsible for custody, clearing, financing and reporting services with respect to the securities transactions entered into by the relevant Trading Advisor. Where investments by an Alternative Investment Fund are classified by the relevant prime broker as collateral, they may not be segregated by such prime broker from its own investments. As a result, such investments may be available to the creditors of such prime broker in the event of its insolvency and the relevant Alternative Investment Fund may lose some or all of its interest in such investments.

Hedging risks: A Trading Advisor may utilise warrants, futures, forward contracts, swaps, options and other derivative instruments involving securities, currencies, interest rates, commodities and other asset categories (and combinations of the foregoing) for the purposes of establishing "market neutral" arbitrage positions as part of its trading strategies and to hedge against movements in the capital markets. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions may also limit the opportunity for gain if the value of the portfolio position should increase. Moreover, it may not always be possible for the Trading Advisor to execute hedging transactions, or to do so at prices, rates or levels advantageous to the Alternative Investment Fund. The success of any hedging transactions

will be subject to the movements in the direction of securities prices and currency and interest rates, and stability or predictability of pricing relationships. Therefore, while an Alternative Investment Fund might enter into such transactions to reduce currency exchange rate and interest rate risks, unanticipated changes in currency or interest rates may result in poorer overall performance for the Alternative Investment Fund than if it had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Moreover, for a variety of reasons, the relevant Trading Advisor may not be able to, or may not seek to, establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. An imperfect correlation may prevent an Alternative Investment Fund from achieving the intended hedge or expose an Alternative Investment Fund to risk of loss.

Leverage: Alternative Investment Funds may be able to borrow (or employ leverage) without limitation and may utilise various lines of credit and other forms of leverage, including swaps and repurchase agreements. While leverage presents opportunities for increasing an Alternative Investment Fund's total return, it has the effect of potentially increasing losses as well. If income and appreciation on investments made with borrowed funds are less than the required interest payments on the borrowings, the value of the Alternative Investment Fund will decrease. Additionally, any event which adversely affects the value of an investment by an Alternative Investment Fund would be magnified to the extent such Alternative Investment Fund is leveraged. The cumulative effect of the use of leverage by an Alternative Investment Fund in a market that moves adversely to such Alternative Investment Fund's investments could result in a substantial loss to the Alternative Investment Fund that would be greater than if the Alternative Investment Fund were not leveraged. Furthermore, any use by the Alternative Investment Fund of swaps and other derivatives to gain exposure to certain Alternative Investment Funds will leverage the Alternative Investment Fund's assets, and subject it to the risks described above. Two further specific risks are:

- (1) *interest rates:* interest rates and changes in interest rates may affect the Net Asset Value of the Alternative Investment Fund index if the relevant Trading Advisor employs leverage. The level of interest rates generally, and the rates at which the relevant Alternative Investment Fund can borrow, will affect its returns and therefore the Alternative Investment Fund index; and
- (2) *operational and market risks:* small hedging errors may be amplified by leverage into major duration imbalances that render an investment exposed to directional shifts in the yield curve and may lead to a total loss of the leveraged investment. Hedges may fail to track target investments due to uncorrelated changes in spreads between various instruments, resulting in large unexpected losses. In addition, it is operationally difficult to manage a leveraged portfolio of complex instruments, not only because positions must be monitored for asset performance, but also because prices must be determined and valuation disputes with counterparties resolved to ensure adequate maintenance of collateral for hedging or funding contracts. Failure to do so can lead to defaults on margin maintenance requirements and can expose an Alternative Investment Fund to the withdrawal of credit lines necessary to fund asset positions.

Risks associated with the use of margin borrowings: A Trading Advisor's anticipated use of short-term margin borrowings will result in certain additional risks to the Alternative Investment Fund. For example, if securities pledged to brokers to secure an Alternative Investment Fund's margin accounts decline in value, such Alternative Investment Fund could be subject to a "margin call", pursuant to which it must either deposit additional funds with the managed account for subsequent deposit with the broker or be subject to mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the relevant Alternative Investment Fund's assets,

the Trading Advisor might not be able to liquidate assets quickly enough to pay off the margin debt. In such a case, the relevant prime broker may liquidate additional assets of the Alternative Investment Fund, in its sole discretion, in order to satisfy such margin debt. The premiums for certain options traded on non-US exchanges may be paid for on margin. If the Trading Advisor sells an option on a futures contract from the relevant managed account, it may be required to deposit margin in an amount equal to the margin requirement established for the futures contract underlying the option and, in addition, an amount substantially equal to the premium for the option. The margin requirements imposed on the writing of options, although adjusted to reflect the probability that out-of-the-money options will not be exercised, can in fact be higher than those imposed in dealing in the futures markets directly. Whether any margin deposit will be required for over-the-counter options will depend on the agreement of the parties to the transaction.

Low credit quality securities: The Alternative Investment Fund indices may include Alternative Investment Funds which may make particularly risky investments that also may offer the potential for correspondingly high returns. As a result, an Alternative Investment Fund may lose all or substantially all of its investment in any particular instance. In addition, there is no minimum credit standard which is a prerequisite to an Alternative Investment Fund's investment in any security. The debt securities in which an Alternative Investment Fund is permitted to invest may be rated lower than investment grade and hence may be considered to be "junk bonds" or distressed securities.

Distressed securities: Alternative Investment Funds may invest in securities of US and non-US issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, or that are involved in bankruptcy or reorganisation proceedings. Investments of this type may involve substantial financial and business risks that can result in substantial or, at times, even total losses. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and a court's power to disallow, reduce, subordinate or disenfranchise particular claims. The market prices of such securities are also subject to abrupt and erratic market movements and above-average price volatility, and the spread between the bid and asked prices of such securities may be greater than those prevailing in other securities markets. It may take a number of years for the market price of such securities to reflect their intrinsic value. In liquidation (both in and out of bankruptcy) and other forms of corporate reorganisation, there exists the risk that the reorganisation will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution to the Alternative Investment Fund of cash or a new security the value of which will be less than the purchase price of the security in respect of which such distribution was made.

Derivatives: Certain Alternative Investment Funds may invest in complex derivative instruments which seek to modify or replace the investment performance of particular securities, commodities, currencies, interest rates, indices or markets on a leveraged or unleveraged basis. These instruments generally have counterparty risk and may not perform in the manner expected by the counterparties, thereby resulting in greater loss or gain to the investor. These investments are all subject to additional risks that can result in a loss of all or part of an investment, in particular, interest rate and credit risk, volatility, world and local market price and demand, and general economic factors and activity. Derivatives may have very high leverage embedded in them that can substantially magnify market movements and result in losses greater than the amount of the investment. The Alternative Investment Funds may also buy or sell options on a variety of underlying assets. Risk of writing (selling) options

is unlimited in that the writer of the option must purchase (in the case of a put) or sell (in the case of a call) the underlying security at a certain price upon exercise. There is no limit on the price an Alternative Investment Fund may have to pay to meet its obligations as an option writer. As assets that can have no value at their expiration, options can introduce a significant additional element of leverage and risk to an Alternative Investment Fund's market exposure. The use of certain options strategies can subject an Alternative Investment Fund to investment losses that are significant even in the context of positions for which the relevant Trading Advisor has correctly anticipated the direction of market prices or price relationships.

Special risks associated with trading in over-the-counter derivatives: Some of the markets in which an Alternative Investment Fund may effect derivative transactions are "over-the-counter" or "interdealer" markets, which may be illiquid and are sometimes subject to larger spreads than exchange-traded derivative transactions. The participants in such markets are typically not subject to credit evaluation and regulatory oversight, which would be the case with members of "exchange-based" markets. This exposes the Alternative Investment Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in "exchange-based" markets. These factors may cause an Alternative Investment Fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise. Such "counterparty risk" is present in all swaps, and is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Alternative Investment Fund has concentrated its transactions with a single or small group of counterparties. An Alternative Investment Fund generally is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. In addition, if a Trading Advisor engages in such over-the-counter transactions, the relevant Alternative Investment Fund will be exposed to the risk that the counterparty (usually the relevant prime broker) will fail to perform its obligations under the transaction. The valuation of over-the-counter derivative transactions is also subject to greater uncertainty and variation than that of exchange-traded derivatives. The "replacement" value of a derivative transaction may differ from the "liquidation" value of such transaction, and the valuations provided by an Alternative Investment Fund's counterparty to such transactions may differ from the valuations provided by a third party or the value upon liquidation of the transaction. Under certain circumstances it may not be possible for an Alternative Investment Fund to obtain market quotations for the value of an over-the-counter derivatives transaction. An Alternative Investment Fund may also be unable to close out or enter into an offsetting over-the-counter derivative transaction at a time it desires to do so, resulting in significant losses. In particular, the closing-out of an over-the-counter derivative transaction may only be effected with the consent of the counterparty to the transaction. If such consent is not obtained, an Alternative Investment Fund will not be able to close out its obligations and may suffer losses.

Illiquid investments: Certain Alternative Investment Funds may make investments which are subject to legal or other restrictions on transfer or for which no liquid market exists, such as private placements. The market prices, if any, of such investments tend to be more volatile and it may be impossible to sell such investments when desired or to realise their fair value in the event of a sale. Moreover, securities in which an Alternative Investment Fund may invest include those that are not listed on a stock exchange or traded in an over-the-counter market. As a result of the absence of a public trading market for these securities, they are likely to be less liquid than publicly traded securities. There may be substantial delays in attempting to sell non-publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realised from these sales could be less than

those originally paid. Furthermore, companies whose securities are not registered or publicly traded are not subject to the disclosure and other investor protection requirements which would be applicable if their securities were registered or publicly traded. In addition, futures positions may become illiquid because, for example, most US commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Futures contract prices in various commodities occasionally have exceeded the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent a Trading Advisor from promptly liquidating unfavourable positions and subject the relevant Alternative Investment Fund to substantial losses. In addition, an exchange or regulatory authority may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. The illiquidity of positions may result in significant unanticipated losses.

Legal and regulatory risks: Legal and regulatory changes could adversely affect an Alternative Investment Fund. Regulation of investment vehicles such as an Alternative Investment Fund, and of many of the investments a Trading Advisor is permitted to make on behalf of an Alternative Investment Fund, is still evolving and therefore subject to change. In addition, many governmental agencies, self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The effect of any future legal or regulatory change on an Alternative Investment Fund is impossible to predict, but could be substantial and adverse.

Short-selling: An Alternative Investment Fund may engage in short selling transactions. A short sale involves the sale of a security that the seller does not own in the hope of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the Alternative Investment Fund must borrow the security and is obligated to return the security to the lender, which is accomplished by a later purchase of the security. The Alternative Investment Fund realises a profit or a loss as a result of a short sale if the price of the security decreases or increases respectively between the date of the short sale and the date on which the Alternative Investment Fund covers its short position, i.e., purchases the security to replace the borrowed security. A short sale involves the theoretically unlimited risk of an increase in the market price of the security that would result in a theoretically unlimited loss.

Commodity Futures: Commodity futures markets are highly volatile. Alternative Investment Funds investing in these commodity markets must be able to analyse correctly such markets, which are influenced by, among other things, changing supply and demand relationships, weather, governmental, agricultural, commercial and trade programs and policies designed to influence commodity prices, world political and economic events, and changes in interest rates. Moreover, investments in futures and options contracts involve additional risks including, without limitation, leverage (margin is usually only 5-15 per cent. of the face value of the contract and exposure can be nearly unlimited). An Alternative Investment Fund's futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent an Alternative Investment Fund from promptly liquidating unfavourable positions and subject it to substantial losses.

Alternative Investment Fund compensation: An Alternative Investment Fund typically provides for a performance fee or allocation, over and above a basic advisory fee, to its general partner, Trading Advisor or person serving in an equivalent capacity. Performance fees or allocations could create an incentive for a Trading Advisor to choose riskier or more speculative underlying investments than would otherwise be the case.

"Soft Dollar" payments: In selecting brokers, banks and dealers to effect transactions on behalf of an Alternative Investment Fund, the relevant Trading Advisor may consider such factors as price, the ability of the brokers, banks and dealers to effect transactions promptly and reliably, their facilities, the operational efficiency with which transactions are effected, their financial strength, integrity and stability and the competitiveness of commission rates in comparison with other brokers, banks and dealers, as well as the quality, comprehensiveness and frequency of any products or services provided, or expenses paid, by such brokers, banks and dealers. Products and services may include research items used by the Trading Advisor in making investment decisions, and expenses may include general overhead expenses of the Trading Advisor. Such "soft dollar" benefits may cause an Alternative Investment Fund manager to execute a transaction with a specific broker, bank, or dealer even though it may not offer the lowest transaction fees. A Trading Advisor is not required to (i) obtain the lowest brokerage commission rates or (ii) combine or arrange orders to obtain the lowest brokerage commission rates on its brokerage business. If a Trading Advisor determines that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and research products or services provided by such broker, it may execute transactions for which such broker's commissions are greater than the commissions another broker might charge. Such brokerage commissions may be paid to brokers who execute transactions for the relevant managed account and which supply, pay for or rebate a portion of the Alternative Investment Fund's brokerage commissions to Alternative Investment Funds for payment of the cost of property or services (such as research services, telephone lines, news and quotation equipment, computer facilities and publications) utilised by the relevant Trading Advisor or its affiliates. A Trading Advisor will have the option to use "soft dollars" generated by its investment activities to pay for the property and services described above. The term "soft dollars" refers to the receipt by a Trading Advisor of property and services provided by brokers (or futures commission merchants in connection with futures transactions) without any cash payment by such Trading Advisor based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the Trading Advisor. A Trading Advisor will consider the amount and nature of research services provided by brokers, as well as the extent to which such services are relied upon, and will attempt to allocate a portion of the brokerage business of the relevant managed account on the basis of those considerations.

Highly volatile markets: The prices of commodities contracts and all derivative instruments, including futures and options prices, are highly volatile. Price movements of forward contracts, futures contracts, and other derivative contracts in which Alternative Investment Funds may invest are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and U.S. and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. Alternative Investment Funds also are subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearing houses.

Investments in non-US and non-EU markets: A Trading Advisor may invest in securities of issuers that are not located, or subject to regulation, in the United States or the European

Union, that are not USD-, GBP- or euro-denominated and that are not traded in the United States or the European Union. Such investments involve certain special risks, including risks associated with political and economic uncertainty, adverse governmental policies, restrictions on foreign investment and currency convertibility, currency exchange rate fluctuations, possible lower levels of disclosure and regulation, and uncertainties as to the status, interpretation and application of laws, including, but not limited to, those relating to expropriation, nationalisation and confiscation. Companies not located in the United States or the European Union are also not generally subject to uniform accounting, auditing and financial reporting standards, and auditing practices and requirements may not be comparable to those applicable to United States and European Union companies. Further, prices of securities not traded in the United States or the European Union, especially those securities traded in emerging or developing countries, tend to be less liquid and more volatile. In addition, settlement of trades in some such markets may be much slower and more subject to failure than in United States or European Union markets. An investment outside the United States and the European Union could impose additional costs on the relevant managed account. Brokerage commissions generally are higher outside the United States and the European Union and currency conversion costs could be incurred when a Trading Advisor changes investments from one country to another. Increased custodian costs as well as administrative difficulties (such as the applicability of laws of non-US and non-EU jurisdictions to non-US and non-EU custodians in various circumstances, including bankruptcy, ability to recover lost assets, expropriation, nationalisation and record access) may also arise from the maintenance of assets in jurisdictions outside the United States and the European Union.

Special risks associated with trading in forward contracts: Alternative Investment Funds may engage in forward trading. Forward contracts, unlike futures contracts, are not traded on exchanges and are not standardised, rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have been unable to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Alternative Investment Funds due to unusually high trading volume, political intervention or other factors. Market illiquidity or disruption could result in major losses to an Alternative Investment Fund.

Concentration of investments: Although an Alternative Investment Fund's investments may be diversified the Trading Advisor in respect of an Alternative Investment Fund may invest such Alternative Investment Fund's assets in a limited number of investments that may be concentrated in a few countries, industries, sectors of an economy or issuers. As a result, although investments by Alternative Investment Funds may be diversified, the negative impact on the value of the relevant Alternative Investment Fund from adverse movements in a particular country, economy or industry or in the value of the securities of a particular issuer could be considerably greater than if such Alternative Investment Fund were not permitted to concentrate its investments to such an extent.

Turnover: Alternative Investment Funds may invest on the basis of certain short-term market considerations. As a result, the turnover rate within Alternative Investment Funds is expected to be significant, potentially involving substantial brokerage commissions, fees and other transaction costs.

Operational and human error: The success of an Alternative Investment Fund depends in

part upon the relevant Trading Advisor's accurate calculation of price relationships, the communication of precise trading instructions and ongoing position evaluations. In addition, a Trading Advisor's strategies may require active and ongoing management of durations and other variables, and dynamic adjustments to an Alternative Investment Fund's positions. There is the possibility that, through human error, oversight or operational weaknesses, mistakes could occur in this process and lead to significant trading losses and an adverse effect on the relevant net asset value.

Reliability of valuations: Alternative Investment Funds are valued pursuant to the Alternative Investment Fund's instrument governing such valuations. As a general matter, the governing instruments of Alternative Investment Funds provide that any securities or investments which are illiquid, not traded on an exchange or in an established market or for which no value can be readily determined, will be assigned such fair value as the respective investment managers may determine in their judgement based on various factors. Such factors include, but are not limited to, aggregate dealer quotes or independent appraisals. Such valuations may not be indicative of what actual fair market value would be in an active, liquid or established market.]

[Futures and Options

The Underlying may comprise or be linked to futures and/or options.

There are special risk considerations associated with an Underlying of which the performance is linked to futures, options or other derivative contracts. Depending on the nature of the underlying assets, reference rates or other derivatives to which they relate and on the liquidity in the relevant contract, the prices of such instruments may be highly volatile and hence risky in nature.]

[CTA Deposits

The Underlying may comprise or be linked to CTA Deposits.

A CTA Deposit is a margin investment account held with a bank and managed by a Commodity Trading Adviser registered with the US Commodity Futures Trading Commission or any other relevant regulatory authority, under terms that the Commodity Trading Adviser may engage in trading on a margin (leveraged or geared) basis in a variety of liquid financial instruments including listed and unlisted futures, forwards and options relating to a variety of asset classes including but not limited to interest rates, fixed income securities, commodities, currencies and equities (and may also engage in trading directly in a number of such asset classes). Accordingly the risks relating to an exposure directly or indirectly to CTA Deposits will be a complicated function of the risks associated with the underlying asset class, the risks associated with the derivative or other instrument by which such exposure is assumed and the level of gearing.]

[Structured Finance Securities

The Underlying may comprise or be linked to structured finance securities.

Structured finance securities include, without limitation, asset-backed securities and portfolio credit-linked notes.

Asset-backed securities are securities primarily serviced, or secured, by the cash flows of a pool of receivables (whether present or future) or other underlying assets, either fixed or revolving. Such underlying assets may include, without limitation, residential and commercial mortgages, leases, credit card receivables as well as consumer and corporate debt. Asset-backed securities can be structured in different ways, including "true sale" structures, where the underlying assets are transferred to a special purpose entity, which in turn issues the asset-backed securities, and "synthetic" structures, in which not the assets, but only the

credit risks associated with them are transferred through the use of derivatives, to a special purpose entity, which issues the asset-backed securities.

Portfolio credit-linked notes are securities in respect of which the payment of principal and interest is linked directly or indirectly to one or more managed or unmanaged portfolios of reference entities and/or assets (**reference credits**). Upon the occurrence of a credit-related trigger event (**credit event**) with respect to a reference credit (such as a bankruptcy or a payment default), a loss amount will be calculated (equal to, for example, the difference between the par value of an asset and its recovery value).

Asset-backed securities and portfolio credit-linked notes are usually issued in different tranches. Any losses realised in relation to the underlying assets or, as the case may be, calculated in relation to the reference credits are allocated first to the securities of the most junior tranche, until the principal of such securities is reduced to zero, then to the principal of the next lowest tranche, and so forth.

Accordingly, in the event that (a) in relation to asset-backed securities, the underlying assets do not perform and/or (b) in relation to portfolio credit-linked notes, any one of the specified credit events occurs with respect to one or more of the underlying assets or reference credits, this may affect the value of the relevant securities (which may be zero) and any amounts paid on such securities (which may be zero). This may in turn affect the value or amounts payable in respect of the Instruments. In addition the value of structured finance securities from time to time, and consequently the value or amounts payable in respect of the Instruments, may be adversely affected by macro economic factors such as adverse changes affecting the sector to which the underlying assets or reference credits belong (including industry sectors, services and real estate), economic downturns in the respective countries or globally, as well as circumstances related to the nature of the individual assets (for example, project finance loans are subject to risks connected to the respective project). The implications of such negative effects thus depend heavily on the geographic, sector-specific and type-related concentration of the underlying assets or reference credits. The degree to which any particular asset-backed security or portfolio credit-linked note is affected by such events will depend on the tranche to which such security relates; junior tranches, even having received investment grade rating, can therefore be subject to substantial risks.

Exposure to structured finance securities may entail a higher liquidity risk than exposure to sovereign or corporate bonds. In the absence of a liquid market for the respective structured finance securities, they may only be traded at a discount from face value and not at the fair value, which may in turn affect the value or amounts payable in respect of the Instruments.]

[Real Estate

The Underlying may comprise or be linked to real estate assets.

There are special risk considerations associated with an Underlying of which the performance is linked to securities of companies principally engaged in the real estate industry. These include: the cyclical nature of real estate values, risks related to general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, demographic trends and variations in rental income, changes in zoning laws, casualty or condemnation losses, environmental risks, regulatory limitations on rents, changes in neighbourhood values, related party risks, changes in the appeal of properties to tenants, increases in interest rates and other real estate capital market influences. Generally, increases in interest rates will increase the costs of obtaining financing, which could directly and indirectly decrease the value of the Underlying and thus the value or amounts payable in respect of the Instruments.]

[Commodities

The Underlying may comprise or be linked to commodities.

Prices of commodities are influenced by, among other things, various macro economic factors such as changing supply and demand relationships, weather conditions and other natural phenomena, agricultural, trade, fiscal, monetary, and exchange control programmes and policies of governments (including government intervention in certain markets) and other unforeseeable events.]

[Emerging Market Assets

The Underlying may comprise or be linked to emerging market assets.

Exposure to emerging markets assets generally entails greater risks than exposure to well-developed markets, including potential significant legal economic and political risks.

Emerging markets are by definition "in transformation" and are therefore exposed to the risk of swift political changes and economic downturn. In recent years, many emerging market countries have undergone significant political, economic and social change. In many cases, political concerns have resulted in significant economic and social tensions and in some cases both political and economic instability has occurred. Political or economic instability may affect investor confidence, which could in turn have a negative impact on the prices of emerging market exchange rates, securities or other assets.

The prices of emerging market exchange rates, securities or other assets are often highly volatile. Movements in such prices are influenced by, among other things, interest rates, changing market supply and demand, external market forces (particularly in relation to major trading partners), trade, fiscal, monetary programmes, policies of governments, and international political and economic events and policies.

In emerging markets, the development of securities markets usually is at an early stage. This could lead to risks and practices (such as increased volatility) that are not common in more developed securities markets, which may negatively affect the value of securities listed on the exchanges of such countries. In addition, markets of emerging market countries are often characterised by illiquidity in the form of a low turnover of some of the listed securities.

It is important to note that, during times of global economic slowdown, emerging market exchange rates, securities and other assets are more likely than other forms of investment]

ANNEX 3
FORM OF FINAL TERMS FOR WARRANTS

FORM OF FINAL TERMS - WARRANTS

Set out below is the form of Final Terms for each Tranche of Instruments which will contain such of the following information (which may be modified in relation to any particular issue of Instruments by agreement between the Issuer, the Principal Agent and the relevant Dealer(s)) as is applicable in respect of such Instruments.

Final Terms dated [●]

PALLADIUM SECURITIES 1 S.A.

(incorporated as a public limited liability company (*société anonyme*) under the laws of the Grand Duchy of Luxembourg, registered with the Luxembourg trade and companies register under number B.103036 and subject to the Luxembourg act dated 22 March 2004 on securitisation)

[Currency] [Aggregate Nominal Amount] [Description of Instruments] [together **Instruments**]
[due [Date]]

Issue Price: [[Insert price] per Instrument]/[●] per cent.

Programme for the issuance of Debt Instruments and Beneficiary Shares

PART A – CONTRACTUAL TERMS

By subscribing to, or otherwise acquiring, the Instruments, the holders of the Instruments (i) expressly accept, and shall be deemed to be bound by, the provisions of the Luxembourg act dated 22nd March, 2004 on securitisation (the **Securitisation Act 2004**) and in particular the provisions on limited recourse, no petition, subordination, waterfall and priority of payments as included in the General Conditions, the Prospectus, these Final Terms and any Supplement Base Prospectus relating to the Instruments and (ii) expressly accept the creation of a separate compartment relating to the Instruments.

Terms used herein shall be deemed to be as defined in the General Conditions set out in the Prospectus dated [●], 2005 which constitutes two base prospectuses (each a **Base Prospectus** for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**), one in respect of asset backed securities issued by the Issuer, and one in respect of warrants issued by the Issuer. This document constitutes the Final Terms of the Instruments described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the relevant Base Prospectus comprised in the Prospectus. Full information on the Issuer and the offer of the Instruments is only available on the basis of the combination of these Final Terms and the Base Prospectus (as supplemented from time to time). The Prospectus is available for viewing at [address] and [website] and copies may be obtained from [address].

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italicised text denotes directions for completing these Final Terms.]

[When adding any other final terms or information in Part A or in relation to disclosure relating to the interests of natural and legal persons involved in the issue/offer in Part B consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive, the publication of which would in turn trigger the investors' right to withdraw their acceptances within a 48-hour time period.]

[Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. [May be satisfied by the inclusion of the following statement "Save as disclosed in "Subscription and Sale", so far as the Issuer is aware, no person involved in the offer of the Instruments has an interest material to the offer."]

- | | | |
|----|---|--|
| 1. | Issuer: | Palladium Securities 1 S.A. |
| | | The Issuer is a securitisation company (<i>société de titrisation</i>) incorporated under the laws of the Grand Duchy of Luxembourg as a public limited liability company (<i>société anonyme</i>). The Issuer's activities are subject to the Securitisation Act 2004. The Issuer has received the approval (<i>agrément</i>) from the Luxembourg financial sector and stock exchange regulator, the <i>Commission de surveillance du secteur financier</i> , as a regulated securitisation company under the Securitisation Act 2004. The board of directors of the Issuer has created a separate compartment in respect of the Instruments to which all the assets and liabilities relating to the Instruments will be allocated. See paragraph 44. |
| | Type of Instruments: | Warrants |
| 2. | [(i)] Series Number: | [●] |
| | [(ii)] Tranche Number: | [●] |
| | | <i>[If fungible with an existing Series, details of that Series, including the date on which the Instruments become fungible.]</i> |
| | [(iii)] Type: | [Call] [Put] |
| | [(iv)] Style: | European] |
| 3. | Specified Currency or Currencies: | [EUR][GBP][USD][CHF][Other] |
| 4. | Aggregate Nominal Amount of Instruments being issued and (if different) Aggregate Nominal Amount of Instruments being | |

- admitted to trading:
- [(i)] Series: [●]
- [(ii)] Tranche: [●]
5. Issue Price: [Price] per Instrument]
- [●] per cent. of the Aggregate Nominal Amount]
- [plus accrued [interest/dividends] from [insert date] (in the case of fungible issues only, if applicable)]
- [Indicate amount of any expenses and taxes specifically charged to the purchasers of the Instrument]
6. [(i)] Number of Warrants being issued: [●]
- [(ii)] Minimum Trading Size: [USD 100,000]
- [In the case of Instruments sold in the United States or to or for the account of US Persons]
7. [(i)] Issue Date: [●]
- [(ii)] Primary Market End Date: [●] or, if such day is not a Business Day, the first succeeding Business Day;]
8. Settlement Date: [●]
- [the [●] Business Day following the last occurring Valuation Date, or, if such day is not a Payment Date, the [next following] Payment Date]].
9. Settlement/Payment Basis : [See Schedule 2]
10. Change of Payment Basis: [Details of any provision for conversion of Instruments into another basis]
- [None]
11. Status of the Instruments: Limited recourse.

PROVISIONS RELATING TO SETTLEMENT

12. (i) Settlement Amount: [[Cash Settlement Amount] [Physical Settlement Amount] per Instrument of [●] Denomination]

- [See Schedule 1, Schedule 2 and Schedule 3]
- (ii) Exercise Price: [The exercise price per Instrument is [●]].
- (iii) Exercise Date: [The exercise date of the Instruments is [●]].
- (iv) Minimum Exercise Number: [The minimum number of Instruments that may exercised on any day by any Instrumentholder is [●][and Instruments may only be exercised in integral multiples of [●] Instruments in excess thereof]
- [Not Applicable].
13. Issuer Call Option: [Applicable]
- [Not Applicable]
- [If not applicable, delete the remaining sub-paragraphs of this paragraph]*
- [(i) Optional Redemption Date(s) : [●]
- (ii) Optional Redemption Valuation Date(s) : [●]
- (iii) Optional Cash Settlement Amount(s) and method, if any, of calculation of such amount(s) : [●] per [Instrument of] [●] Denomination.
[See Schedule 2]
- [Consideration to be given to accrued interest, if applicable]*
- (iv) If redeemable in part:
- (a) Minimum Settlement Amount: [●]
- (b) Maximum Settlement Amount: [●]
- (v) Optional Redemption Notice Period (if other than as set out in the General Conditions): [●]
- [NB: If setting notice periods which are different to those provided in the General Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Agent or Trustee]*

(vi) Optional Redemption Notice: [Applicable] [To be provided [3] Business Days prior to the Optional Redemption Date.]]

14. Early Termination Amount:

(i) Early Termination Amount(s) payable on redemption following (a) the occurrence of an event of default or (b) illegality or (c) following certain events in accordance with Schedule 2 or Schedule 3, and/or the method of calculating the same (if required): [●] [less the cost to the Hedging Counterparty and/or its Affiliates of unwinding or adjusting any underlying or related hedging arrangements in respect of the Instruments]

(ii) Early Termination Amount includes amount in respect of accrued interest: [Yes: no additional amount in respect of accrued interest to be paid]

[No: together with the Early Termination Amount, accrued interest shall also be paid]

15. Underlying: See Schedule 1

PROVISIONS RELATING TO SERIES ASSETS

18. (i) Collateral: *[Not Applicable/give details of Collateral including governing law, legal nature, expiry or maturity date, nominal amount, loan to value ratio or level of collateralisation, method of origination or creation, principal lending criteria and whether such criteria satisfied (in the case of Collateral which are loans or credit agreements), description of any relevant insurance policies and concentration within one insurer if material. Give name, address and significant business activities of originators of securitised assets and give general description of each obligor in the case of a small number of easily identifiable obligors or otherwise give description of general characteristics, economic environment and statistical data referred to in the Collateral, and, where all Collateral is comprised of the obligations of 5 or fewer obligors which are legal persons or where an obligor accounts for 20% or more (or other material portion) of the Collateral, so far as the issuer is aware and/or is able to ascertain from information published by the obligor(s) indicate either*

of the following: (a) information relating to each obligor as if it were an issuer drafting a Registration Document for debt and derivative securities with an individual denomination of at least EUR50,000 under the Prospectus Directive; or (b) if an obligor or guarantor has securities already admitted to trading on a regulated or equivalent market or the obligations are guaranteed by an entity admitted to trading on a regulated or equivalent market, the name, address, country of incorporation, nature of business and name of the market in which its securities are admitted. Specify principal terms where a material relationship exists between the Issuer and Guarantor. Specify principal terms of Collateral which is not traded on a regulated or equivalent market. Where Collateral comprises equity securities that are traded on a regulated or equivalent market, give description of securities, market and frequency of pricing. Where more than 10 per cent. of Collateral comprises equity securities that are not traded on a regulated or equivalent market, give information equivalent to that contained in the schedule for share Registration Document under the Prospectus Directive. Where material portion of Collateral is secured on or backed by real property (other than mortgage loans where there has been no revaluation for the purpose of the Certificates and it is clearly stated that valuations quoted are as at the date of the original loan origination), give valuation report relating to property setting out both valuation of the property and cash flow/income streams. Specify parameters of any investment guidelines for actively managed Collateral and give description of Collateral manager, including expertise and a summary of appointment provisions, termination provisions and details of any relationship with the Issuer Describe method and date of sale of Collateral. Give explanation of flow of funds, how payments in respect of the assets are collected on behalf of Issuer and any other arrangements upon which payments dependent. Specify any credit enhancements and parameters (and other

details) for investments temporary liquidity surpluses. Specify any subordinated debt finance.]

- (ii) Eligible Securities: [Not Applicable/*give details of Eligible Securities*]
- (iii) Series Assets: [[Collateral]
- [Issuer's rights under Hedging Agreement dated Issue Date, Agency Agreement dated Issue Date]
- [*Specify other*]
- (iv) Series Parties: [Instrumentholders]
- [Trustee]
- [Hedging Counterparty]
- [*Other*]
- The Series Parties expressly accept, and shall be deemed to be bound by, the provisions of the Securitisation Act 2004 and in particular the provisions on limited recourse, no petition, subordination, waterfall and priority of payments as included in the General Conditions, the Base Prospectus, these Final Terms and any Supplement
17. General Condition [6.3] (*Security*) is applicable: [Yes:
- [Collateral charged to Trustee]
- [Collateral charged to Trustee; additional foreign law security]]
- [No]
18. Replacement and/or Substitution of Collateral: [General Condition [6.6 (*Replacement and/or Substitution of Collateral*) is
- [Applicable]
- [Not Applicable]]
19. Deposit Account: [Not Applicable]
- [*Details*]
- [*Note – if Collateral has a maturity date or*

may be redeemed prior to the Maturity/Settlement Date, Deposit Account should be "Applicable" and account details are necessary if account is opened in the name of the Issuer; Deposit Account should also be "Applicable" if there are Eligible Securities as these might be redeemed prior to the Settlement/Maturity Date.]

20. (i) Hedging Agreement: [Applicable]
[Not Applicable]
[Details]
- (ii) Hedging Counterparty: [Applicable]
[Not Applicable]
[Name and address and brief description]
21. (i) Repurchase Agreement: [Applicable]
[Not Applicable]
[Details]
- (ii) Repurchase Counterparty: [Applicable]
[Not Applicable]
[Details]
22. Security Ranking Basis: [Debt Instrumentholder Pari Passu basis]
[Debt Instrumentholder Priority Basis]
[Not Applicable]
23. Additional Security Document(s): [Applicable]
[Not Applicable]
[Details]

GENERAL PROVISIONS APPLICABLE TO THE INSTRUMENTS

24. Form of Instruments: [Bearer Instruments:
[Permanent Global Instrument (if sold only to non-U.S. Persons in "offshore transactions" within the meaning of Regulation S).]

[Bearer Global Instruments deposited with the Custodian Bank on behalf of the Depository Bank and evidenced by [(i)] in the case of Instruments sold to non-U.S. Persons in "offshore transactions" within the meaning of Regulation S, a Reg S Global Receipt and (ii) in the case of Instruments sold in the United States, or to or for the account of U.S. Persons, a 144A Global Receipt.]]

[Registered Instruments:

[The Instruments will be represented by a [Reg S] Global Instrument (if sold only to non-U.S. Persons in "offshore transactions" within the meaning of Regulation S).][and/or] [Restricted Global Instrument (if sold in the United States, or to or for the account of U.S. Persons)]]

25. Additional Business Day(s) or other special provisions relating to Payment Dates: [Not Applicable]
[Details. Note that this item relates to the place of payment.]
26. Settlement: [[Cash Settlement]
[Physical Settlement]
[Cash Settlement or Physical Settlement at the Issuer's Option]
[but the Issuer only has the option to elect for Physical Settlement if the Final Reference Level is less than [or equal to] the [Initial Reference] Level]]
27. Settlement Currency: [Specify currency]
28. Settlement Disruption Events: [Not Applicable]
[Applicable - see Schedule 2]
29. Notices to the Issuer: *[If General Conditions 15 applies then details for delivery of notices to the Issuer]*
30. Other terms or special conditions: [Not Applicable]
[Applicable - Schedule 1, Schedule 2 and

Schedule 3]

[When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

AGENTS AND OTHER PARTIES

31. Trustee: [Deutsche Trustee Company Limited]
32. Principal Agent: [Deutsche Bank AG London]
33. Agent(s): [Deutsche Bank AG London]
34. Custodian: [Not Applicable]
[Deutsche Bank Luxembourg SA]
35. Custodian Account Details: [Not Applicable]
[Deutsche Bank Luxembourg SA]
36. [Paying Agent: [Deutsche Bank AG London]]
[Relevant if the Instruments are listed and the rules of the relevant stock exchange require a paying agent in such jurisdiction]
37. [Listing Agent: [Details]]
38. [Custodian Bank: [Details]]
39. [Depository Bank: [Details]]
40. [Common Depository and Specified Office: [Details]]
41. [Other Parties] *[Specify details of any providers of material forms of credit/liquidity enhancement, together with any other banks with which main accounts relating to the Series are held, giving names, addresses and a brief description] [Specify Calculation Agent, including name and address, where appropriate.]*

[DISTRIBUTION

42. Applicability of TEFRA or TEFRA rules: [Bearer Instruments: TEFRA D restrictions applicable unless the Bearer Instruments are deposited with the Custodian Bank on

behalf of the Depository Bank in accordance with the provisions permitting an issuance to US persons within the United States]

[Registered Instruments: TEFRA D rules not applicable]

43. [Total commission and concession: [●] per cent. of the Aggregate Nominal Amount

44. Additional selling restrictions: [Not Applicable]

[Details]

MISCELLANEOUS

45. Separate Compartment: A separate compartment has been created by the board of directors of the Issuer in respect of the Instruments (the **Compartment**). The Compartment is a separate part of the Issuer's assets and liabilities. The Collateral (relating to the Instruments) is exclusively available to satisfy the rights of the holders of the Instruments (in accordance with the terms and conditions set out in these Final Terms) and the rights of the creditors whose claims have arisen at the occasion of the creation, the operation or the liquidation of the Compartment, as contemplated by articles 5.10 and 9 of the articles of incorporation of the Issuer.

46. Governing Law [English law][New York law]

[LISTING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Instruments described herein pursuant to the Programme for the issuance of Debt Instruments and Beneficiary Shares of Palladium Securities 1 S.A.]

RESPONSIBILITY

[Subject as provided below, the] [The] Issuer accepts responsibility for the information contained in these Final Terms.

[[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer:

By:
Duly authorised

[The information (the **Reference Information**) on the Underlying is more particularly described in Schedule [●] to the Final Terms . The Reference Information consists only of extracts from, or summaries of, information which is publicly available. The Issuer only accepts responsibility that the Reference Information has been correctly extracted or summarised. No further or other responsibility (express or implied) in respect of the Reference Information is accepted by the Issuer.]

Underwriting

[Include name and address of entities agreeing to underwrite the issue on a firm commitment basis, and name and address of entities agreeing to place the issue without a firm commitment or under “best efforts” arrangements, where known, together with details of the relevant purchase date of the Instruments under the relevant subscription or underwriting agreement. Where not all of the issue is underwritten, a statement of the portion not covered.]

Secondary Trading

[Include name and address of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment.]

PART B - OTHER INFORMATION

1. PRODUCT SPECIFIC RISK [See Schedule 4.] [Give description of structure including, if necessary, a structure diagram]

2. LISTING

(i) Listing: [Luxembourg/other (*specify*)/None]

(ii) Admission to trading: [Application has been made for the Instruments to be admitted to trading on with effect from .] [Not Applicable.]

[N.B. The concept of admission to trading will be Not Applicable for Instruments listed on the Professional Securities Market in Luxembourg.]

[Where documenting a fungible issue need to indicate that original securities are already admitted to trading if Instruments have denomination of less than €50,000.]

(iii) Estimate of total expenses related to admission to trading:¹³

3. RATINGS

Ratings: The Instruments to be issued have been rated:

[S & P:
[Moody's:
[[Other]:

[Include here a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]¹⁴

[The above disclosure should reflect the rating allocated to Instruments issued under the Programme generally or, where the issue has been specifically rated, that rating.]

[4. NOTIFICATION

¹³Delete if the minimum denomination is less than EUR50,000.

¹⁴Delete if the minimum denomination is EUR50,000.

The CSSF [has been requested to provide/has provided]¹⁵ the [names of competent authorities of host Member States] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.¹⁶

5. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Arranger, so far as the Issuer is aware, no person involved in the issue of the Instruments has an interest material to the offer.] [Give name, address and significant business activities of the administrator, calculation agent or equivalent (if any) together with a summary, if applicable, of the administrator's/calculation agent's responsibilities, their relationship with the Collateral obligor and a summary of the provisions relating to termination of the appointment of such entity / provisions for appointing an alternative].

6. ESTIMATED NET PROCEEDS AND TOTAL EXPENSES¹⁷

(i) Estimated net proceeds: [●]

[If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here. If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.]

(ii) Estimated total expenses: [●]. [Include breakdown of expenses]

7. YIELD (Fixed Rate Instruments only)

Indication of yield: [●]

[Calculated as [include details of method of calculation in summary form] on the Issue Date.]¹⁸

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

8. HISTORIC INTEREST RATES (Floating Rate Instruments only)

[Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Telerate].]

¹⁵ Include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues.

¹⁶ This is relevant where the document is to be passported into other countries in the EEA.

¹⁷ Delete if the minimum denomination is EUR50,000.

¹⁸ Delete if the minimum denomination is EUR50,000.

9. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS

[Need to include details of where past and future performance and volatility of the index/formula can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. Where return on, and or repayment of the security is linked to the performance or credit of other assets which are not assets of the Issuer, specify as follows: Give details of relevant assets including governing law, legal nature, expiry or maturity date, nominal amount, loan to value ratio or level of collateralisation, method of origination or creation, principal lending criteria and whether such criteria satisfied (in the case of relevant assets which are loans or credit agreements), description of any relevant insurance policies and concentration within one insurer if material. Give name, address and significant business activities of originators of securitised assets and give general description of each obligor in the case of a small number of easily identifiable obligors or otherwise give description of general characteristics, economic environment and statistical data referred to in the relevant assets, and, where all relevant assets are comprised of the obligations of 5 or fewer obligors which are legal persons or where an obligor accounts for 20% or more (or other material portion) of the relevant assets, so far as the issuer is aware and/or is able to ascertain from information published by the obligor(s) indicate either of the following: (a) information relating to each obligor as if it were an issuer drafting a Registration Document for debt and derivative securities with an individual denomination of at least EUR50,000 under the Prospectus Directive; or (b) if an obligor or guarantor has securities already admitted to trading on a regulated or equivalent market or the obligations are guaranteed by an entity admitted to trading on a regulated or equivalent market, the name, address, country of incorporation, nature of business and name of the market in which its securities are admitted. Specify principal terms where a material relationship exists between the Issuer and Guarantor. Specify principal terms of relevant assets which are not traded on a regulated or equivalent market. Where relevant assets comprise equity securities that are traded on a regulated or equivalent market, give description of securities, market and frequency of pricing. Where more than 10 per cent. of relevant assets comprise equity securities that are not traded on a regulated or equivalent market, give information equivalent to that contained in the schedule for share Registration Document under the Prospectus Directive. Where material portion of relevant assets are secured on or backed by real property (other than mortgage loans where there has been no revaluation for the purpose of the Debt Instruments and it is clearly stated that valuations quoted are as at the date of the original loan origination), give valuation report relating to property setting out both valuation of the property and cash flow/income streams. Specify parameters of any investment guidelines for actively managed assets and give description of Collateral manager, including expertise and a summary of appointment provisions, termination provisions and details of any relationship with the Issuer. Specify any rights to substitute the assets and a description of the manner in which and the type of assets which may be so substituted. If there is any capacity to substitute assets with a different class or quality of assets specify to that effect together with a description of the impact of such substitution. Describe method and date of sale of relevant assets. Give explanation of flow of funds, how payments in respect of the assets are collected on behalf of Issuer and any other arrangements upon which payments dependent. Specify any credit enhancements and parameters (and other details) for investments temporary liquidity surpluses. Specify any subordinated debt finance]

10. OPERATIONAL INFORMATION

- (i) ISIN Code:
- (ii) Common Code:
- (iii) Clearing Agent: [Euroclear Bank S.A./N.V.] [and/or]
 [Clearstream Banking AG in Frankfurt am
Main)] [and/or]
 [The Depository Trust Company]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of
additional Paying Agent(s) (if
any):

11. TERMS AND CONDITIONS OF THE OFFER

[Include, as applicable: (i) Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks and if reasons for the offer and use of proceeds are disclosed provide the total net proceeds and an estimate of the total expenses of the issue/offer; (ii) Conditions, offer statistics, expected timetable and action required to apply for the offer, including minimum and/or maximum subscription amounts (in number of Instruments or in the Aggregate Nominal Amount of the Instruments); possibility of reducing subscriptions (and manner for refunding excess paid if applicable); and procedure for exercise of any pre-emption rights, negotiability of subscription rights and treatment of subscription rights not exercised; (iii) Total amount of the issue/offer; if the amount is not fixed, description of the arrangements and time for announcing to the public the amount of the offer; (iv) the time period, including any possible amendments, during which the offer will be open and description of the application process; (v) method and time limits for paying up the Instruments and for delivery of the Instruments; (vi) a full description of the manner and date in which results of the offer are to be made public; (vii) the various categories of potential investors to which the Instruments are offered and if the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche; and (viii) the process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made.]

SCHEDULE 1 TO THE FINAL TERMS
DETAILS OF THE UNDERLYING

IF THE UNDERLYING CONSISTS OF A BASKET INSERT THE FOLLOWING:

The **Underlying** relating to the Instruments is a Basket (as defined below) comprised of the following

- [details - Shares]
- [details - Fund Shares]
- [details - Indices]
- [[details – Commodities]]
- [details - Underlying Currencies]
- [details – specify], as applicable.]

IF THERE IS A SINGLE UNDERLYING INSERT THE FOLLOWING:

The **Underlying** relating to the Instruments consists of [insert details with respect to each] [Shares][Fund Shares][Indices][Commodities][Underlying Currencies][other – specify]

IF THE UNDERLYING INCLUDES A SHARE OR SHARES (INCLUDING, WITHOUT LIMITATION, WITHIN A BASKET), INSERT THE FOLLOWING:

1. The Share or Shares means the following:

Type of Underlying	Name of Underlying	Issuer of Share	Reference Source
Share	[●]	[●]	[●]

2. Definitions relating to the Share(s):

Reference Currency is as defined in Schedule 2 or, if not, then the Settlement Currency;

Reference Source means the reference source or reference sources specified in the table describing the Share or Shares in paragraph 1 above, or any successor to such reference source, all as determined by the Calculation Agent;

Share means the or, as the case may be, each share specified in the definition of Underlying or Basket, as the case may be; and

Share Company means, with respect to a Share, the issuer specified for such Share in the definition of Underlying or Basket, as the case may be.]

IF THE UNDERLYING INCLUDES A FUND SHARE OR FUND SHARES (INCLUDING, WITHOUT LIMITATION, WITHIN A BASKET), INSERT THE FOLLOWING:

1. The Fund Share or Fund Shares means the following:

Type of Underlying	Name of Underlying	Issuer of Fund Share	Reference Source
Fund Share	[●]	[●]	[●]

2. Definitions relating to the Fund Share(s):

Administrator means, in relation to a Fund, any entity described as such in relation to the Fund in any Fund Information Document or which provides administrative, book-keeping or similar services (however described) to the Fund, all as determined by the Calculation Agent;

Fund means, with respect to a Fund Share, the issuer specified for such Fund Share in the definition of Underlying or Basket, as the case may be;

Fund Information Document means, in relation to a Fund and a Fund Share, any offering circular, prospectus, information memorandum or similar document relating to the Fund and/or Fund Share (including any document supplementing, amending or restating the same), all as determined by the Calculation Agent;

Fund Share means the (or, as the case may be, each) share specified in the definition of Underlying or Basket, as the case may be;

Inclusion Date means, in relation to a Fund which is a Fund as of the Issue Date, the Issue Date, or, in relation to any other Fund, the date that such Fund became a Fund for the purposes of the Instruments;

Manager means, in relation to a Fund, any entity described as such in relation to the Fund in any relevant Fund Information Document or which provides investment, managerial, broking or arrangement or similar services (however described) to the Fund, all as determined by the Calculation Agent;

Master Fund means, in relation to a Fund, any entity described as such in relation to the Fund in any relevant Fund Information Document or which acts as a master fund, feeder fund or umbrella fund or similar entity (however described) in relation to the Fund, all as determined by the Calculation Agent;

Reference Currency is as defined in Schedule 2 or, if not, then the Settlement Currency; and

Reference Source means the reference source or reference sources specified in the table describing the Fund Share or Fund Shares in paragraph 1 above, or any successor to such reference source, all as determined by the Calculation Agent.

[IF THE UNDERLYING INCLUDES A BASKET, INSERT THE FOLLOWING:]

1. The **Basket** comprises the assets set out in the following table:

Type of Basket Constituent	Name of Basket Constituent	Basket Constituent Percentage Weight	Reference Level determination	Sponsor or Issuer of Basket Constituent	Basket Constituent Currency	Reference Source
[●]	[●]	[●]%	[Closing/specify other]	[●]	[●]	[●]
[●]	[●]	[●]%	[Closing/specify other]	[●]	[●]	[●]
[●]	[●]	[●]%	[Closing/specify other]	[●]	[●]	[●]
[●]	[●]	[●]%	[Closing/specify other]	[●]	[●]	[●]
[●]	[●]	[●]%	[Closing/specify other]	[●]	[●]	[●]
[●]	[●]	[●]%	[Closing/specify other]	[●]	[●]	[●]

2. Definitions relating to the Basket

Basket means a basket of assets as set out in paragraph 1 above;

Basket Constituent means each of the assets in the definition of "Basket" in paragraph 1 above, subject to adjustment in accordance with paragraph 2 below;

Basket Constituent Currency is as defined in Schedule 2 or, if not defined in Schedule 2, is the Settlement Currency;

Basket Constituent Level means in respect of any day, subject to paragraph 2 below, an amount equal to the level of the Basket Constituent determined in the manner as defined in the column "Reference Level determination" in the definition of "Basket" in paragraph 1 above, all as determined by the Calculation Agent;

Basket Constituent Multiplier means in relation to each Basket Constituent and subject to adjustment in accordance with paragraph 2 below, a number equal to the quotient of:

- 5) the relevant Basket Constituent Percentage Weight (as numerator); and
- 6) the Basket Constituent Level on the Initial Reference Valuation Date or, if such day is not a Trading Day, the first succeeding Trading Day (as denominator);

Basket Constituent Percentage Weight means, in relation to each Basket Constituent, a number as defined for such Basket Constituent in the column "Basket Constituent Percentage Weight" in the definition of "Basket" in paragraph 1 above;

Reference Currency is defined in Schedule 2 or, if not, then the Settlement Currency;

Reference Source means the reference source or reference sources specified in the table under the definition of "Basket" in the definition of "Basket" in Schedule 1, or any successor to such reference source, all as determined by the Calculation Agent.

[IF THE UNDERLYING INCLUDES A COMMODITY OR COMMODITIES (INCLUDING, WITHOUT LIMITATION, WITHIN A BASKET), INSERT THE FOLLOWING:

1. The Commodity or Commodities means the following:

Type of Underlying	Name of Underlying	Issuer of Underlying	Reference Source
Commodity	[●]	[●/Not applicable]	[●]

2. Definitions relating to the Commodity(ies):

Commodity means the (or, as the case may be, each) commodity specified in the definition of "Underlying" or "Basket", as the case may be;

Reference Currency is as defined in Schedule 2 or, if not, then the Settlement Currency; and

Reference Source means the reference source or reference sources specified in the table describing the Commodity or Commodities in paragraph 1 above, or any successor to such reference source, all as determined by the Calculation Agent.

[IF THE UNDERLYING INCLUDES A FOREIGN EXCHANGE RATE OR FOREIGN EXCHANGE RATES (INCLUDING, WITHOUT LIMITATION, WITHIN A BASKET), INSERT THE FOLLOWING:

1. The Foreign Exchange Rate means the following:

Type of Underlying	First Currency	Second Currency	Issuer of Underlying	Reference Source
Foreign Exchange Rate	[●]	[●]	Not applicable	[●]

2. Definitions relating to the Foreign Exchange Rate(s):

First Currency means the currency appearing under the heading "First Currency" in paragraph 1 above;

Rate of Exchange means the or, as the case may be, each rate of exchange between a pair of currencies as specified under "Foreign Exchange Rate" in the definition of "Underlying" or "Basket", as the case may be;

Reference Currency is as defined in Schedule 2 or, if not, then the Settlement Currency;

Reference Source means the reference source or reference sources specified in the table describing the Foreign Exchange Rate in paragraph 1 above, or any successor to such reference source, all as determined by the Calculation Agent and

Second Currency means the second currency appearing under the heading "Second Currency" in paragraph 1 above.]

[Specify, in the case of each relevant type of Underlying outlined in this Schedule 1, where information on the relevant Underlying can be obtained, where information about the past and the further performance of the Underlying and its volatility can be obtained, (where the Underlying is a security) the name of the issuer of the security, the ISIN or other such security identification code; (where the Underlying is an index) the name of the index and a description of the index if it is composed by the issuer; (where the index is not composed by the Issuer) where information about the index can be obtained; (where the Underlying is an interest rate) a description of the interest rate; where the Underlying does not fall within the categories specified above, specify equivalent information; and (where the underlying is a basket of underlyings) give disclosure of the relevant weightings of each underlying in the basket]

SCHEDULE 2 TO THE FINAL TERMS

EXERCISE AND SETTLEMENT

1. EXERCISE RIGHTS AND EXERCISE PROCEDURE

General Condition 5.7 is applicable

2. PHYSICAL SETTLEMENT

[IF A DELIVERY NOTICE IS REQUIRED INSERT:]

2.1 Delivery Notice

If the Instruments are to be settled by delivery of the Physical Settlement Amount as described above, in order to obtain delivery of the Physical Settlement Amount in respect of a Instrument the relevant Accountholder must deliver to the Principal Agent, with a copy to the relevant Clearing Agent, not later than the close of business in each place of reception on the Cut-off Date, a duly completed Delivery Notice (a **Delivery Notice**).

The form of the Delivery Notice may be obtained during normal business hours from the specified office of each Agent.

A Delivery Notice shall:

- (a) specify the nominal amount of the Instruments which are the subject of such notice;
- (b) specify the number of the account with the Clearing Agent to be debited with such Instruments;
- (c) irrevocably instruct and authorise the Clearing Agent to debit on the Settlement Date such account with such Instruments;
- (d) include an undertaking to pay all Instrumentholder expenses and an authority to the Clearing Agent to debit a specified account with the Clearing Agent in respect thereof and to pay such Instrumentholder expenses;
- (f) include the Delivery Details; and
- (g) authorise the production of such notice in any applicable administrative or legal proceedings.

2.2 Late delivery of Delivery Notice

If the Delivery Notice is delivered to the Principal Agent or the copy is delivered to the relevant Clearing Agent after the close of business in the place of receipt on the Cut-off Date, then the Physical Settlement Amount will be delivered as soon as practicable after the Settlement Date (the date of delivery in relation to a Physical Settlement Amount whether on or after the Settlement Date being for the purposes of the Conditions the **Delivery Date**) in the manner provided below. For the avoidance of doubt, no holder of Instruments or any other person shall be entitled to any payment, whether of interest or otherwise, in the event of the Delivery Date for such Instruments occurring after the Settlement Date due to such Delivery Notice (or the copy thereof) being delivered after the close of business on the Cut-off Date as provided above.

In the event that a Instrumentholder does not, in respect of a Instrument which is to be redeemed by delivery of the Physical Settlement Amount, deliver or procure delivery of a Delivery Notice as set out above, prior to the day that is 30 calendar days after the Settlement Date, the Issuer shall have the right but not the obligation to sell all Physical Settlement Units in respect of such Instrument on the open market or otherwise at a price determined by the Calculation Agent, in its sole discretion, to be the fair market value of the Physical Settlement Units, and shall hold the proceeds (the **Realised Physical Settlement Amount**) for the account of the relevant Instrumentholder, until presentation of the relevant Delivery Notice. Upon payment of the Realised Physical Settlement Amount as aforesaid, the Issuer's obligations in respect of such Instrument shall be discharged.

2.3 Verification

In respect of each Delivery Notice, the relevant Instrumentholder must provide evidence reasonably satisfactory to the Principal Agent of its holding of such Instruments.

2.4 Determinations

Failure properly to complete and deliver a Delivery Notice may result in such notice being treated as null and void. Any determination as to whether any such notice has been properly completed and delivered shall be made by the Principal Agent and shall be conclusive and binding on the Issuer and the relevant Instrumentholder. Subject as set out below, any Delivery Notice so determined to be incomplete or not in proper form, or, where applicable, which is not copied to a Clearing Agent immediately after being delivered to the Principal Agent as provided in the Conditions shall be void.

If such Delivery Notice is subsequently corrected to the satisfaction of the Principal Agent it shall be deemed to be a new Delivery Notice submitted at the time such correction is delivered to the Principal Agent and copied to such Clearing Agent.

The Principal Agent shall use all reasonable endeavours promptly to notify the Instrumentholder if it has determined that a Delivery Notice is incomplete or not in proper form. In the absence of gross negligence or wilful misconduct on its part, neither the Issuer nor the Principal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Instrumentholder.

2.5 Delivery of a Delivery Notice

No Delivery Notice may be withdrawn after receipt thereof by the Principal Agent as provided above. After the delivery of a Delivery Notice, the Instruments which are the subject of such notice may not be transferred.

2.6 Delivery of the Physical Settlement Amount

Subject as provided in the Conditions, the delivery of the Physical Settlement Amount shall be made at the risk of the relevant Instrumentholder and shall:

- (c) where a Clearing System is specified in the Delivery Details and where a valid Delivery Notice has been delivered, be delivered to the securities account with the Clearing System specified by the relevant Instrumentholder in the relevant Delivery Notice; or
- (d) where a Clearing System is specified in the Delivery Details and where a valid Delivery Notice has not been delivered, be transferred to the Clearing System for delivery to the relevant Instrumentholder; or

- (c) where a Clearing System is not specified in the definition of Delivery Details, be delivered in the manner set out in such definition,

PROVIDED THAT in the case of (a) and (b) where the Issuer determines in its sole discretion that delivery of all or any of the Physical Settlement Units in accordance with (a) or (b), as the case may be, is impractical, illegal or unduly onerous to the Issuer, then the Issuer shall have the option to deliver the relevant Physical Settlement Units in such other commercially reasonable manner as the Issuer shall determine to be appropriate for such delivery and shall notify to the Instrumentholders in accordance with General Condition 5.8. The Physical Settlement Amount shall be evidenced in such manner as the Issuer determines to be customary for the relevant Physical Settlement Units. The Issuer shall be under no obligation to register or procure the registration of any Instrumentholder or any other person as the registered holder in respect of the Physical Settlement Units in any register of holders of such Physical Settlement Units, including, but not limited to, a register of members of a share company.

If the date for delivery of the Physical Settlement Amount is not a Delivery Day then such delivery shall not be made until the next following Delivery Day, subject to the occurrence of the Settlement Disruption Event.

[PLEASE CONSIDER ANY LIMITS TO THE NUMBER OF EXAMPLES BELOW]

3. DEFINITIONS

Affiliate means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein **control** means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and **controlled by** and **controls** shall be construed accordingly;

[IF THE SETTLEMENT CURRENCY IS THE SAME AS THE REFERENCE CURRENCY AND/OR IF THE INSTRUMENT IS A QUANTO SECURITY AND WARRANTS ARE NOT CAPPED INSERT:]

Cash Settlement Amount means, with respect to each Instrument, an amount determined by the Calculation Agent as follows:

Final Reference Level x Multiplier

[IF THE INSTRUMENTS ARE NOT PHYSICALLY SETTLED ONLY, IF THE SETTLEMENT CURRENCY IS NOT THE SAME AS THE REFERENCE CURRENCY AND IF THE INSTRUMENT IS NOT A QUANTO INSTRUMENT INSERT:]

Cash Settlement Amount means, with respect to each Instrument, an amount determined by the Calculation Agent as follows:

Final Reference Level x Multiplier

converted into the Settlement Currency at the Exchange Rate on the [Valuation Date] [last occurring Valuation Date] [●].

The Cash Settlement Amount will be rounded to the nearest [two decimal places] [whole unit] in the Settlement Currency, [0.005] [half a unit] being rounded downwards;

[IF PHYSICAL SETTLEMENT APPLIES, INSERT:]

Cut-off Date means [●];]

[IF SETTLEMENT IS NOT CASH ONLY INSERT:

Delivery Details means [the account details of the Instrumentholder's securities account with [●] (the **Physical Delivery Clearing System**) for delivery of the Physical Settlement Amount as specified in the relevant Exercise Notice/*specify other relevant details for physical delivery method*];]

[IF THE SETTLEMENT CURRENCY IS NOT THE SAME AS THE REFERENCE CURRENCY AND IF THE INSTRUMENT IS NOT A QUANTO SECURITY INSERT:

Exchange Rate means in relation to the Underlying and in respect of any day, the rate of exchange prevailing at [16:00] [●] Central European Time (or at such time approximate thereto as the Calculation Agent determines to be practicable) on such day between the Reference Currency and the Settlement Currency (expressed as the number of units of the Reference Currency or a fraction thereof required to buy one unit of the Settlement Currency) as determined by the Calculation Agent by reference to such source(s) as the Calculation Agent may reasonably determine to be appropriate at such time;]

Exercise Notice is as defined in this Schedule 2;

[IF THE FINAL REFERENCE LEVEL IS DETERMINED ON ONE SINGLE DAY INSERT:

Final Reference Level means, subject to the adjustment provisions in Schedule 3 and as provided in the definition of "Valuation Date", an amount equal the Reference Level on the Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;]

[IF THE FINAL REFERENCE LEVEL IS DETERMINED ON SEVERAL CONSECUTIVE DAYS INSERT:

Final Reference Level means, subject to the adjustment provisions in Schedule 3 and as provided in the definition of "Valuation Date", an amount equal to the arithmetic average of the Reference Levels on all the Valuation Dates as determined by the Calculation Agent and without regard to any subsequently published correction(s);]

[IF THE STRIKE PRICE IS DETERMINED ON THE BASIS OF THE INITIAL REFERENCE LEVEL, INSERT:

Initial Reference Level means, subject to Schedule 3, [●];]

[IF THE INITIAL REFERENCE LEVEL IS DETERMINED ON ONE SINGLE DAY INSERT:

Initial Reference Valuation Date means [the [*specify date*] [●] or, if such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Initial Reference Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Initial Reference Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Initial Reference Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

[IF THE INITIAL REFERENCE LEVEL IS DETERMINED ON SEVERAL CONSECUTIVE DAYS INSERT:

Initial Reference Valuation Date means [each of the [*specify date*] [●] [or, if any such day is not a Trading Day, the next following Trading Day on which another Initial Reference Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Initial Reference Valuation Date shall be the first succeeding Initial Reference Valid Date. If the first succeeding Initial Reference Valid Date has not occurred by the eighth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Initial Reference Valuation Date, then (A) that eighth Trading Day shall be deemed to be that Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

[IF THE INITIAL REFERENCE LEVEL IS DETERMINED ON SEVERAL CONSECUTIVE DAYS INSERT:

Initial Reference Valid Date means a Trading Day on which there is no Market Disruption Event and on which another Initial Reference Valuation Date does not or is not deemed to occur;]

Market Disruption Event means each event specified to be a Market Disruption Event in the adjustment provisions in Schedule 3;

Multiplier means [●], subject to adjustment in accordance with Schedule 3;

Optional Cash Redemption Amount means, in respect of the first Optional Redemption Valuation Date, [*Currency*] ● per Denomination, in respect of the second Optional Redemption Valuation Date, [*Currency*] ● per Denomination [*Add further details if more Optional Redemption Valuation Dates applicable*] [an amount determined in the sole and absolute discretion of the Calculation Agent on the Optional Redemption Valuation Date as the fair market value of the Instruments [, subject to a minimum value of ●];

Physical Settlement Amount means per Instrument [[one] [●] unit[s] of the Underlying (each a **Physical Settlement Unit**)] [a number of Physical Settlement Units (where **Physical Settlement Unit** means an amount of the Underlying having an outstanding principal balance equal to [●]) equal to [●]], [multiplied by the [Multiplier] [●]] [provided that such number shall be rounded down to the nearest whole number and] subject to adjustment in accordance with the adjustment provisions in Schedule 3. Instruments belonging to the same Instrumentholder shall [not] be aggregated for purposes of determining the aggregate Physical Settlement Amounts in respect of such Instruments, provided that the aggregate Physical Settlement Amounts, in respect of the same Instrumentholder will be rounded down to the nearest whole Physical Settlement Unit]. No fractions of a Physical Settlement Unit will be delivered [and no payment or other cash compensation will be made in respect of such rounding]. [In case of a rounding down to a whole number in accordance with the provisions above, an amount (the **Adjustment Amount**) in the [Settlement Currency] [Reference Currency] will be paid, which shall be equal to the product of the remaining fraction and the [value] [Final Reference Level] [●] of the Underlying [on [●]] [and converted into the Settlement Currency at the Exchange Rate on [●]]. Any Adjustment Amount shall be paid pursuant and subject to General Condition [5.7] (Exercise Rights and Exercise Procedure);]

Reference Currency means [the lawful currency of [●][●];]

[IF THERE IS A SINGLE "UNDERLYING" INSERT:]

Reference Level means, in respect of any day, subject to the adjustment provisions in Schedule 3, an amount (which shall be deemed to be a monetary value in the [Settlement][Reference] Currency) determined by the Calculation Agent equal to the [●] [official closing] [price] of the Underlying [[quoted by] [published on] [●] [the Reference Source]] at [specify time] [the Relevant Time] on such day;

[IF THE "UNDERLYING" IS A "BASKET" INSERT:]

Reference Level means, in respect of any day, subject to the adjustment provisions in Schedule 3, an amount (which shall be deemed to be a monetary value in the Reference Currency) determined by the Calculation Agent equal to the sum of the products for each Basket Constituent of:

1. the Basket Constituent Level for each Basket Constituent on such day or, if such day is not a Trading Day, the first succeeding Trading Day; and
2. the Basket Constituent Weight of each Basket Constituent on such day

As a formula:

$$\text{Reference Level}_t = \sum_i^n P_{i,t} \times BCW_{i,t}$$

where:

- | | | |
|-------------|---|---|
| n | = | number of Basket Constituents in the Basket |
| $P_{i,t}$ | = | the Basket Constituent Level i on day t |
| $BCW_{i,t}$ | = | Basket Constituent Weight i on day t; |

[IF THE INITIAL AND FINAL REFERENCE LEVEL ARE DETERMINED IN THE SAME MANNER INSERT:]

Reference Level means, in respect of any day, subject to the adjustment provisions in Schedule 3, an amount (which shall be deemed to be a monetary value in the [Settlement] [Reference] Currency) equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●] on such day [●], all as determined by the Calculation Agent;]

[IF THE INITIAL AND FINAL REFERENCE LEVEL ARE NOT DETERMINED IN THE SAME MANNER INSERT:]

Reference Level means, in respect of:

- 1) [a[n]/the] [Initial Reference] [Valuation] Date, subject to the adjustment provisions in Schedule 3, an amount (which shall be deemed to be a monetary value in the [Settlement] [Reference] Currency) calculated by the Calculation Agent [in the same manner as the sponsor of the Underlying, as specified in the table under "Underlying" below, would calculate the [●] [official closing] [price] [level] of the Underlying on such day, except that in making such calculation the Calculation Agent shall substitute [●] for [●]] [to be equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●] on such day [●], [●]]; and

- 2) any other day, subject to the adjustment provisions in Schedule 3, an amount (which shall be deemed to be a monetary value in the [Settlement] [Reference] Currency) equal to the [●] [official closing] [price] [level] of the Underlying [quoted by the Reference Source] [●] on such day [●], as determined by the Calculation Agent;
 1. if the Issuer has selected, in its full discretion and in accordance with this Schedule, that Physical Settlement shall apply, physical settlement (**Physical Settlement**), or
 2. otherwise, cash settlement (**Cash Settlement**);]

[IF THE INSTRUMENTS ARE NOT CASH SETTLED ONLY INSERT:

Settlement Disruption Event means, in the opinion of the Issuer, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of a Physical Settlement Unit in accordance with such market method as it decides at the relevant time for delivery of the relevant Physical Settlement Unit;]

Trading Day means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day for each Reference Source, provided that trading day shall mean:

[IF ANY REFERENCE SOURCE IS AN EXCHANGE OR TRADING SYSTEM INSERT ¹⁹:

for any Reference Source which is an exchange, a trading system or a quotation system,] any day on which such Reference Source is open for trading other than a day on which trading on such Reference Source is scheduled to close prior to its regular weekday closing time; and

[IF ANY REFERENCE SOURCE IS NOT AN EXCHANGE OR TRADING SYSTEM INSERT:

for any Reference Source which is not an exchange, a trading system or a quotation system,] [any Business Day other than a day on which commercial banks and foreign exchange markets are closed in the country where the Reference Source is located] [●];

[IF THE FINAL REFERENCE LEVEL IS DETERMINED ON ONE SINGLE DAY INSERT:

Valuation Date means [the [●] Trading Day following the relevant Exercise Date] [the relevant Exercise Date, or, if such day is not a Trading Day, the next following Trading Day] [●] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Valuation Date, then (A) that fifth Trading Day shall be deemed to be the Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant.]

[IF THE INSTRUMENTS ARE EUROPEAN AND THE FINAL REFERENCE LEVEL IS DETERMINED ON SEVERAL CONSECUTIVE DAYS INSERT:

Valuation Date means [each of the first [●][●] [Trading Days] [calendar days] following the Exercise Date for such Instrument] [●] [or, if any such day is not a Trading Day, the next following Trading Day on which another Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Valuation Date shall be the first succeeding Valid Date. If the first succeeding Valid Date has not occurred by the fifth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Valuation Date, then (A) that fifth Trading Day shall be deemed to be that Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that fifth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant; and]

[IF THE INSTRUMENTS ARE EUROPEAN AND THE FINAL REFERENCE LEVEL IS DETERMINED ON SEVERAL CONSECUTIVE DAYS INSERT:

Valid Date means a Trading Day on which there is no Market Disruption Event and on which another Valuation Date does not or is not deemed to occur.]

SCHEDULE 3 TO THE FINAL TERMS

ADJUSTMENTS

[DRAFTING NOTE - The type of Underlying as specified in Schedule 1 to these Final Terms will determine which of the following adjustment provisions should apply to the Instruments.]

[If the definition of "Underlying" or "Basket" in Schedule 1 includes a Share or Shares, insert this section:]

1. Shares

[IF MORE THAN ONE TYPE OF UNDERLYING OR BASKET CONSTITUENT IS SET OUT IN THE DEFINITION OF "BASKET" OR "INSTRUMENTS" (A) THE PARAGRAPH 2 SECTIONS IN THIS SCHEDULE 3 WILL NEED TO BE RENUMBERED APPROPRIATELY AND (B) THE FOLLOWING SHOULD BE INSERTED:]

This paragraph 1 and the definitions herein shall only apply in relation to any Share or Shares specified in Schedule 1 in the column headed "Type of Basket Constituent" in the definition of "Basket", or in the column headed "Type of Underlying" in the definition of "Instruments", as the case may be. For any Underlying other than a Share or Shares which are specified in such column, other sections of this paragraph 1, if and to the extent applicable, and the definitions therein shall apply.]

2. Definitions:

Affiliate is as defined in Schedule 2;

Other Exchange means, with respect to a Share, each exchange, trading system or quotation system other than the Reference Source on which such Share is listed, traded or quoted;

Reference Currency is as defined in Schedule 2 to these Final Terms or, if not defined in Schedule 2, is the Settlement Currency;

Reference Level is as defined in Schedule 2;

Reference Source is as defined in Schedule 1;

Related Exchange means, unless otherwise defined in Schedule 1, with respect to a Share, any exchange, trading system or quotation system on which options contracts or futures contracts on such Share are traded as determined by the Calculation Agent;

Relevant Country means, each of

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency or the Settlement Currency is the legal tender or currency and
- (ii) any country (or any political or regulatory authority thereof) with which a Share or the related Share Company has a material connection and, in determining

what is material the Calculation Agent may, without limitation, refer to the country in which the Share Company is incorporated and/or such other factor(s) as it may deem appropriate,

all as determined by the Calculation Agent.

Relevant Time means, with respect to any Share, the relevant time by reference to which the Calculation Agent determines the price or value of such Share for the purposes of determining the Reference Level;

Settlement Currency is as defined in Schedule 1;

Share means the or, as the case may be, each share specified in the definition of "Underlying", "Instruments" or "Basket", as the case may be, in Schedule 1; and

Share Company means, with respect to a Share, the issuer specified for such Share in the definition of "Underlying", "Instruments" or "Basket", as the case may be, in Schedule 1.

3. *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition 15 if a Market Disruption Event has occurred on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by this paragraph 2 to determine the price or value of a Share.

Market Disruption Event means:

[IF THE REFERENCE SOURCE FOR ANY SHARE IS AN EXCHANGE, A TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING TWO LINES IF SECTION (II) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

(i) where the Reference Source for any Share is an exchange, a trading system or a quotation system as determined by the Calculation Agent,]

(a) the occurrence or existence on any Trading Day at the Relevant Time for such Share or at any time during the one hour period that ends at the Relevant Time for such Share:

(i) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits permitted by the relevant Reference Source or any Related Exchange or otherwise):

(A) of the Share on the Reference Source or any Other Exchange; or

(B) in options contracts or futures contracts relating to the Share on any Related Exchange; or

(ii) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in

general to effect transactions in relation to or to obtain market values for the Share on the relevant Reference Source or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to such Share on any Related Exchange; or

- (b) the closure on any Trading Day of the Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour prior to (aa) the actual closing time for the regular trading session on such Reference Source or such Related Exchange on such Trading Day or, if earlier, (bb) the submission deadline (if applicable) for orders to be entered into the Reference Source or such Related Exchange system for execution at the Relevant Time on such Trading Day. A **Scheduled Closing Time** is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or
- (c) a general moratorium is declared in respect of banking activities in any Relevant Country; [or]

INSERT IF THE REFERENCE SOURCE FOR ANY SHARE IS LOCATED IN AN EMERGING MARKET COUNTRY:

- [(d) where the Reference Currency is different from the Settlement Currency, the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer and/or any of its Affiliates from:
 - (i) converting the Reference Currency into the Settlement Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
 - (ii) converting the Reference Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
 - (iii) delivering the Reference Currency or Settlement Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
 - (iv) transferring the Reference Currency or Settlement Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country; [or]]
- [(e) a Relevant Country (a) imposes any controls or announces its intention to impose any controls or (b)(i) implements or announces its intention to implement or (ii) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer and/or any of its Affiliates' ability to

acquire, hold, transfer or realise or otherwise to effect transactions in relation to such Share,]]

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments[; and/.]

[IF THE REFERENCE SOURCE FOR ANY SHARE IS NOT AN EXCHANGE OR TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING TWO LINES IF SECTION (I) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- (ii) where the Reference Source for any Share is not an exchange, a trading system or a quotation system as determined by the Calculation Agent,
 - (a) it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of such Share by reference to such Reference Source in the manner specified in the definition of "Reference Level" in Schedule 2 or in "Information relating to the Underlying" attached in Schedule ● to the Final Terms s, or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise); or
 - (b) **[if section (i) is included above, insert: any event occurs as described in 3(i)(c) [Insert if the Reference Source for any Share is located in an Emerging Market Country:, 3(i)(d) and/or 3(i)(e)] above in relation to such Share,] OR [if section (i) is not included above, insert 3(i)(c), 3(i)(d) and 3(i)(e) here renumbered as 3(i)(a), 3(i)(b) and 3(i)(c) respectively]**

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments.

4. Potential Adjustment Events

Following the declaration by a Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the relevant Share and, if so, will (1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that dilutive or concentrative or other effect; and (2) determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by a Related Exchange to options contracts or futures contracts on the relevant Share traded on that Related Exchange.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition [4],

stating the adjustment made to the Conditions and giving brief details of the Potential Adjustment Event.

Potential Adjustment Event means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Shares (unless it has resulted in a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the relevant Shares of (1) such Shares, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares, or (3) share capital or other securities of another issuer as a result of a "spin-off" or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or in other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an extraordinary dividend;
- (iv) a call by the Share Company in respect of relevant Shares that are not fully paid;
- (v) a repurchase by or on behalf of the Share Company or any of its subsidiaries of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) in respect of a Share Company, an event that results in any shareholder rights being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Share Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent;
- (vii) any redemption of shareholder rights referred to in (vi) above; and
- (viii) any other event that may have a diluting or concentrative or other effect on the theoretical value of the relevant Shares.

5. *Merger Event, Tender Offer, De-Listing, Nationalisation and Insolvency*

If a Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency occurs in relation to relevant Shares and/or the relevant Share Company, as the case may be, the Issuer may take any action described in 5(a), 5(b) or 5(c) below:

- (a) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency made by an options exchange to options on the Share traded on that options exchange; or

- (b) cancel the Instruments by giving notice to Instrumentholders in accordance with General Condition 15. If the Instruments are so cancelled, the Issuer will pay an amount to each Instrumentholder in respect of each Instrument held by such Instrumentholder which amount shall be the fair market value of a Instrument taking into account the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Instrumentholders in accordance with General Condition 15; or
- (c) following any adjustment to the settlement terms of options on the Shares traded on such exchange(s) or trading system(s) or quotation system(s) as the Calculation Agent in its reasonable discretion shall select (the **Options Reference Source**) require the Calculation Agent to make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Reference Source. If options on the Shares are not traded on the Options Reference Source, the Calculation Agent will make such adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate, with reference to the rules and precedents (if any) set by the Options Reference Source, to account for the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Reference Source if such options were so traded.

Upon the occurrence of a Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition 15 stating the occurrence of the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. However, Instrumentholders should be aware that there may necessarily be some delay between the time at which any of the above events occurs and the time at which it is reported to Instrumentholders.

De-Listing means, for any Share for which the Reference Source is an exchange or a trading system or a quotation system, the Reference Source announces that pursuant to the rules of such Reference Source, such Share ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason (other than a Merger Event or Tender Offer) and is not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Calculation Agent.

Insolvency means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding

affecting a Share Company (A) all the Shares of that Share Company are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares of that Share Company become legally prohibited from transferring them.

Merger Date means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

Merger Event means, in respect of any relevant Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of a Share Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which does not result in reclassification or change of all of such Shares outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Share Company that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Share Company or its subsidiaries with or into another entity in which the Share Company is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the Merger Date is on or before the Valuation Date or, if there is more than one Valuation Date, the final Valuation Date.

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

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

[IF THE DEFINITION OF "UNDERLYING" OR "BASKET" IN SCHEDULE 1 A FUND SHARE OR FUND SHARES, INSERT THIS SECTION:

1. *Fund Shares*

[IF MORE THAN ONE TYPE OF UNDERLYING OR BASKET CONSTITUENT IS SET OUT IN THE DEFINITION OF "BASKET" OR "INSTRUMENTS" (A) THE PARAGRAPH 2 SECTIONS IN THIS SCHEDULE 3 WILL NEED TO BE RENUMBERED APPROPRIATELY AND (B) THE FOLLOWING SHOULD BE INSERTED:

This paragraph 1 and the definitions herein shall only apply in relation to any Fund Share or Fund Shares specified in Schedule 1 to this Final Terms in the column

headed "Type of Basket Constituent" in the definition of "Basket", or in the column headed "Type of Underlying" in the definition of "Instruments", as the case may be. For any Underlying other than a Fund Share or Fund Shares which are specified in such column, other sections of this paragraph 2, if and to the extent applicable, and the definitions therein shall apply.]

2 *Definitions:*

Affiliate is as defined in Schedule 2;

Net Asset Value means, in relation to a Fund Share, the net asset value or other equivalent value for such Fund Share as determined by the Calculation Agent;

Other Exchange means, with respect to a Fund Share, each exchange, trading system or quotation system other than the Reference Source on which such Fund Share is listed, traded or quoted;

Realisation Date means, for the purposes of substituting any Fund Share pursuant to paragraph 2.1.3:

[INSERT ONE OF THE FOLLOWING OPTIONS]

- [(i) the [fifth] Trading Day following the Substitution Determination Date or, if earlier,
- (ii) the [*Insert number*] Trading Day prior to any date falling [on or] after the Substitution Determination Date on which the Calculation Agent would be required by the Conditions to determine the price or value of such Fund Shares;]

/OR:

[the earliest of

- (i) the date on which the Calculation Agent determines that a market counterparty holding the Fund Shares to be substituted (including the Issuer or any Affiliate, if applicable) would be able to reasonably liquidate, redeem or otherwise dispose of such Fund Shares;
- (ii) the date falling one year after the Substitution Determination Date; and
- (iii) the [*Insert number*] Trading Day prior to any date falling [on or] after the Substitution Determination Date on which the Calculation Agent would be required by the Conditions to determine the price or value of such Fund Shares;]

Reference Currency is as defined in Schedule 2 or, if not defined in Schedule 2, is the Settlement Currency;

Reference Level is as defined in Schedule 2;

Reference Source is as defined in Schedule 1;

Related Exchange means, unless otherwise defined in Schedule 1, with respect to a Fund Share, any exchange, trading system or quotation system on which options contracts or futures contracts on such Fund Share are traded as determined by the Calculation Agent;

Relevant Country means each of

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency or the Settlement Currency is the legal tender or currency and
- (ii) any country (or any political or regulatory authority thereof) with which a Fund Share or the related Fund has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to the country in which the Fund is incorporated or organised and/or such other factor(s) as it may deem appropriate,

all as determined by the Calculation Agent;

Relevant Time means, with respect to any Fund Share, the relevant time by reference to which the Calculation Agent determines the price or value of such Fund Share for the purposes of determining the Reference Level;

Settlement Currency is as defined in paragraph [●] of these Final Terms; and

Substitution Determination Date is as defined in paragraph 4 below.

3. *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition 15 if a Market Disruption Event has occurred on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by the Conditions to determine the price or value of a Fund Share.

Market Disruption Event means:

[IF THE REFERENCE SOURCE FOR ANY FUND SHARE IS AN EXCHANGE, A TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING TWO LINES IF SECTION (II) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- (i) where the Reference Source for any Fund Share is an exchange, a trading system or a quotation system as determined by the Calculation Agent,
 - (a) the occurrence or existence on any Trading Day at the Relevant Time for such Fund Share or at any time during the one hour period that ends at the Relevant Time for such Fund Share:
 - (i) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits permitted by the relevant Reference Source or any Related Exchange or otherwise):

- (A) of Fund Share on the Reference Source or any Other Exchange; or
 - (B) in options contracts or futures contracts relating to the Fund Share on any Related Exchange; or
- (ii) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in relation to or to obtain market values for the Fund Share on the relevant Reference Source or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to such Fund Share on any Related Exchange; or
- (b) the closure on any Trading Day of the Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour prior to (aa) the actual closing time for the regular trading session on such Reference Source or such Related Exchange on such Trading Day or, if earlier, (bb) the submission deadline (if applicable) for orders to be entered into the Reference Source or such Related Exchange system for execution at the Relevant Time on such Trading Day. A **Scheduled Closing Time** is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or
- (c) a general moratorium is declared in respect of banking activities in any Relevant Country; [or]

[INSERT IF THE REFERENCE SOURCE FOR ANY FUND SHARE IS LOCATED IN AN EMERGING MARKET COUNTRY:]

- (d) where the Reference Currency is different from the Settlement Currency, the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer and/or any of its Affiliates from:
 - (i) converting the Reference Currency into the Settlement Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
 - (ii) converting the Reference Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
 - (iii) delivering the Reference Currency or Settlement Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
 - (iv) transferring the Reference Currency or Settlement Currency between accounts inside any Relevant Country

or to a party that is a non-resident of such Relevant Country; or

- (e) a Relevant Country (a) imposes any controls or announces its intention to impose any controls or (b)(i) implements or announces its intention to implement or (ii) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer and/or any of its Affiliates' ability to acquire, hold, transfer or realise or otherwise to effect transactions in relation to such Fund Share,

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments[; and/.]

[IF THE REFERENCE SOURCE FOR ANY FUND SHARE IS NOT AN EXCHANGE OR TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING TWO LINES IF SECTION (I) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- [(ii)] where the Reference Source for any Fund Share is not an exchange a trading system or a quotation system as determined by the Calculation Agent,
 - (a) it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of such Fund Share by reference to such Reference Source in the manner specified in the definition of "Reference Level" in Schedule 1 or in "Information relating to the Underlying" attached in Schedule [●] to the Final Terms , or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise); or
 - (b) **[if section (i) is included above, insert:** any event occurs as described in 3(i)(c) **[Insert if the Reference Source for any Fund Share is located in an Emerging Market Country:, 3(i)(d) and 3(i)(e)]** above in relation to such Share, **OR [if section (i) is not included above, insert 3(i)(c), 3(i)(d) and 3(i)(e) here renumbered as 3(i)(a), 3(i)(b) and 3(i)(c) respectively]**

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments.

[INSERT IF THERE SHALL BE WIDE DISCRETION TO DEAL WITH FUND EVENTS:

4 Extraordinary Fund Events

If an Extraordinary Fund Event occurs or has occurred in relation to a Fund or its Fund Shares (each such Fund, an **Affected Fund**), the Issuer may take any action described in (a), [or] (b) [or (c)] below:

- (a) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for that Extraordinary Fund Event and determine the effective date of that adjustment; or
- (b) cancel the Instruments by giving notice to Instrumentholders in accordance with General Condition 15. If the Instruments are so cancelled, the Issuer will pay an amount to each Instrumentholder in respect of each Instrument held by such Instrumentholder which amount shall be the fair market value of a Instrument taking into account the Extraordinary Fund Event less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Instrumentholders in accordance with General Condition 15; [or]
- [(c) determine that such Fund shall be replaced in accordance with paragraph 2.1.4 below and determine the relevant **Substitution Determination Date**, being the date such determination is made or such other date as the Issuer determines to be appropriate by reference to such factor(s) as it may select including, without limitation, any hedging arrangements carried out by the Issuer and/or any of its Affiliates in relation to the Instruments],

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments.

The Calculation Agent may, but need not, determine the appropriate adjustment for the purposes of (1) above by reference to the adjustment in respect of such Extraordinary Fund Event made by a Related Exchange (if any) to options contracts or futures contracts on the relevant Fund Share traded on that Related Exchange. Any adjustment or replacement made to account for an Extraordinary Fund Event may take into account, as the Calculation Agent deems appropriate, any tax, duty, withholding, deduction or other charge whatsoever (including but not limited to a change in the tax consequences) for the Issuer or any Affiliate as a result of the Extraordinary Fund Event. Such change in tax consequences may include, but is not limited to, any changes resulting from any hedging arrangements carried out by the Issuer or any Affiliate in relation to Instruments. If any adjustment or replacement is made to account for any Extraordinary Fund Event, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition 15, stating the adjustment or replacement made and giving brief details of the Extraordinary Fund Event.

Extraordinary Fund Event means any of the following:

- (i) any change and/or modification of the currency, strategy, objectives, guidelines and/or investment policies of a Fund or a Master Fund (including but not limited to any change and/or modification of the Fund Information Document) from those prevailing on the Inclusion Date;

- (ii) the insolvency, liquidation (whether voluntary or involuntary) or bankruptcy of, or any analogous proceedings affecting, a Fund, its Manager, its Administrator or its Master Fund;
- (iii) the cancellation of the registration or the approval of a Fund, its Manager or its Master Fund by any relevant authority; or any suspension of a Fund, its Manager or its Master Fund by any relevant authority; or a Fund, its Manager or its Master Fund becomes subject to any investigation by any relevant governmental, legal or regulatory authority;
- (iv) the occurrence of a Fund Merger Event (as defined below);
- (v) a Market Disruption Event continues for [*Insert number*] consecutive Trading Days;
- (vi) the Fund or any party acting on its behalf imposes any restriction, charge or fee in respect of the purchase, subscription, sale or redemption of Fund Shares (other than any restriction, charge or fee in existence as at the Inclusion Date);
- (vii) where a buy or sell order is submitted by Deutsche Bank or any Affiliate in accordance with the relevant procedures of a Fund, the inability of Deutsche Bank AG or any Affiliate to buy or sell Fund Shares on any Trading Day at, or at a value that equates to, the Net Asset Value of Fund Share for such Trading Day;
- (viii) any action is taken, or proposed to be taken, by an authority leading to, or which could reasonably be expected to lead to, the adoption or promulgation of, or any change in, any applicable law or regulation after the Inclusion Date, or the issuance of any directive or any change in the interpretation thereof, whether formal or informal, by any court, tribunal or regulatory authority after the Inclusion Date (any such action, proposed action, adoption, promulgation or change, a "Change"), as a result of which the Issuer or any of its Affiliates would, if holding, purchasing or selling any Fund Shares, (i) be required, or there is a substantial likelihood (as determined by the Calculation Agent) that the Issuer or any of its Affiliates would be required, to pay an amount in respect of tax (howsoever arising) which would not have been the case as of the Inclusion Date, or (ii) receive, or there is a substantial likelihood (as determined by the Calculation Agent) that the Issuer or any of its Affiliates would receive, a payment in respect of which an amount in respect of tax (howsoever arising) would be deducted which would not have been the case as of the Inclusion Date;
- (ix) (a) as a result of any Change or for any other reason, it would be or would become unlawful or impractical for the Issuer or any of its Affiliates to hold, purchase or sell any Fund Shares and this was not the case as of the Inclusion Date, or
 - (b) [any event occurs that would, if Deutsche Bank AG and/or any of its Affiliates were holding, purchasing or selling any Fund Shares, have the effect of: (i) imposing on Deutsche Bank and/or any of its Affiliates, any reserve, special deposit, or similar requirement which did not exist as of the Inclusion Date or modifying any such requirement existing as

at the Inclusion Date; or (ii) affecting the amount of regulatory capital that would have to be maintained by the Issuer and/or any of its Affiliates in connection with any hedging arrangements carried out by the Issuer or any Affiliate in relation to the Instruments [subsequent to the Inclusion Date] or modifying any such requirement existing as at the Inclusion Date;

- (x) a redemption of Fund Shares in the form of a distribution of non-cash assets;
- (xi) [the provision by a Fund Manager, or any third party, to the Issuer or any of its Affiliates of any information with regard to the asset composition of a Fund that would lead to the presumption that a Fund or Manager is investing in illiquid assets and such investment could have a detrimental effect on the Net Asset Value of the relevant Fund;]
- (xii) a Fund ceases to trade and/or a Manager or Administrator ceases its activity as manager or administrator of such Fund;
- (xiii) a change in Manager or Administrator occurs in circumstances not otherwise specified herein;
- (xiv) the occurrence of a Potential Fund Adjustment Event or a De-Listing (as defined below); or
- (xv) any event occurs as a result of which the determination of the Reference Level becomes and is likely to remain for the foreseeable future impossible or impracticable.

De-Listing means, for any Fund Share for which the Reference Source is an exchange, a trading system or a quotation system, the Reference Source announces that pursuant to the rules of such Reference Source, the Fund Share ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason (other than a Fund Merger Event) and is not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Calculation Agent.

Fund Merger Event means, in respect of a Fund, its Manager or its Master Fund:

- (i) an irrevocable commitment to transfer all of the relevant Fund Shares or shares or units in such Master Fund outstanding; or
- (ii) a consolidation, amalgamation or merger of such Fund, such Manager or such Master Fund with or into another fund or fund manager other than a consolidation, amalgamation or merger in which such Fund or its Master Fund or its Manager is the continuing Fund, Master Fund or Manager, as the case may be; or
- (iii) a takeover offer for such Fund, Master Fund or Manager that results in a transfer of or an irrevocable commitment to transfer all of the relevant Fund Shares or shares or units in such Master Fund or all the shares of such Manager (other than Fund Shares or shares owned or controlled by the offeror).]

Potential Fund Adjustment Event means, in respect of a Fund or a Master Fund:

- (i) a subdivision, consolidation or reclassification of such Fund or Master Fund (unless a Fund Merger Event);
- (ii) an extraordinary distribution or dividend; or
- (iii) any other event (excluding a distribution or dividend) that may have an economic, dilutive, concentrative or other effect on the theoretical value of the Net Asset Value of such Fund.

[INSERT IF THERE SHALL BE LESS DISCRETION TO DEAL WITH FUND EVENTS:]

4 Extraordinary Fund Events

Following the occurrence of a Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Fund Share and, if so, will (1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that dilutive or concentrative or other effect; and (2) determine the effective date of that adjustment.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition 15, stating the adjustment made to the Conditions and giving brief details of the Potential Adjustment Event.

The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Extraordinary Fund Event made by a Related Exchange (if any) to options contracts or futures contracts on the relevant Fund Share traded on that Related Exchange. Any adjustment or replacement made to account for an Extraordinary Fund Event may take into account, as the Calculation Agent deems appropriate, any tax, duty, withholding, deduction or other charge whatsoever (including but not limited to a change in the tax consequences) for the Issuer or any Affiliate as a result of the Extraordinary Fund Event. Such change in tax consequences may include, but is not limited to, any changes resulting from any hedging arrangements carried out by the Issuer or any Affiliate in relation to Instruments.

Potential Adjustment Event means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Fund Shares (unless a Fund Merger Event) or a free distribution or dividend of any such Fund Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution or dividend to existing holders of relevant Fund Shares of (1) such Fund Shares, or (2) other share capital or securities granting the right to payment of dividends, redemption amounts or other amounts and/or delivery of assets and/or the proceeds of liquidation of the Fund equally or proportionately with such payments or deliveries to holders of such Fund Shares, or (3) share capital or other securities of another issuer acquired by the Fund as a result of a "spin-off" or other similar

transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;

- (iii) an extraordinary dividend;
- (iv) a call by the Fund in respect of relevant Fund Shares that are not fully paid;
- (v) the Fund repurchases, redeems or is required by any applicable regulatory authority to repurchase or redeem relevant Fund Shares (other than in accordance with normal redemption or realisation procedures for such Fund Shares) whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) with respect to a Fund an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a "poison pill" being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Fund (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights);
- (vii) the occurrence of a tender offer (a **Tender Offer**) by any entity or person to purchase more than 10 per cent. but less than 50 per cent. of the outstanding voting shares of any class of shares of the Fund, as determined by the Calculation Agent based upon the making of filings with governmental agencies and/or the nature and term of the Tender Offer; or
- (viii) any material change in the formula for or the method of calculating of the net asset value or other price or value of the relevant Fund Share, or in the composition or weighting of the prices or assets on the basis of which such net asset value or other price or value is calculated; or
- (ix) any other event that may have, in the opinion of the Calculation Agent, a dilutive or concentrative or other effect on the theoretical value of the Fund Shares.

5. *Merger Event, De-Listing, Insolvency and Other Event*

If a Fund Merger Event, De-Listing, Insolvency or Other Event occurs in relation to relevant Fund Shares, the Issuer may take any action described in (a), [or] (b) [or] (c) below:

- (a) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Fund Merger Event, De-Listing, Insolvency or Other Event, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Fund Merger Event, De-Listing, Insolvency or Other Event made by an options exchange to options on the Fund Share traded on that options exchange; or

- (b) cancel the Instruments by giving notice to Instrumentholders in accordance with General Condition 15. If the Instruments are so cancelled, the Issuer will pay an amount to each Instrumentholder in respect of each Instrument held by such Instrumentholder which amount shall be the fair market value of a Instrument taking into account the Fund Merger Event, De-Listing, Insolvency or Other Event, as the case may be, less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Instrumentholders in accordance with General Condition 15; or
- (c) determine that such Fund shall be replaced in accordance with paragraph 2.1.5 below and determine the relevant **Substitution Determination Date**, being the date such determination is made or such other date as the Issuer determines to be appropriate by reference to such factor(s) as it may select including, without limitation, any hedging arrangements carried out by the Issuer and/or any of its Affiliates in relation to the Instruments].

Upon the occurrence of a Fund Merger Event, De-Listing, Insolvency or Other Event, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition 15 stating the occurrence of the Fund Merger Event, De-Listing, Insolvency or Other Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. However, Instrumentholders should be aware that there may necessarily be some delay between the time at which any of the above events occurs and the time at which it is reported to Instrumentholders.

De-Listing means, for any Fund Share for which the Reference Source is an exchange, a trading system or a quotation system, the Reference Source announces that pursuant to the rules of such Reference Source, the Fund Share ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason (other than a Fund Merger Event) and is not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Calculation Agent.

Insolvency means, in relation to a Fund Share, (A) the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution, winding-up or other cessation of trading of or any analogous proceeding in relation to (i) the relevant Fund or (ii) the relevant Master Fund or (iii) unless replaced with a successor acceptable to the Calculation Agent, the relevant Administrator or the relevant Manager or (B) all such Fund Shares are required to be transferred to a trustee, liquidator or other similar official.

Fund Merger Event means, in respect of a Fund, its Manager or its Master Fund:

- (i) an irrevocable commitment to transfer all of the relevant Fund Shares or shares or units in such Master Fund outstanding; or
- (ii) a consolidation, amalgamation or merger of such Fund, such Manager or such Master Fund with or into another fund or fund manager other than a consolidation, amalgamation or merger in which such Fund or its Master Fund

or its Manager is the continuing Fund, Master Fund or Manager, as the case may be; or

- (iii) a takeover offer for such Fund, Master Fund or Manager that results in a transfer of or an irrevocable commitment to transfer all of the relevant Fund Shares or shares or units in such Master Fund or all the shares of such Manager (other than Fund Shares or shares owned or controlled by the offeror).

Other Event means:

- (i) the Administrator or the Manager or the administrator or the manager of the Master Fund ceases to act in its capacity as administrator or manager of the Fund or the Master Fund, as the case may be, and is not immediately replaced in such capacity by a successor acceptable to the Calculation Agent,
- (ii) a material modification of the investment objectives, investment policies, investment strategy, investment process or investment guidelines (however described) (**investment guidelines**) of the Fund or the Master Fund,
- (iii) a material modification or breach (other than any modifications referred to in (ii) above) of the conditions in place for the relevant Fund and/or the relevant Master Fund (including but not limited to a modification or breach of the Fund Information Document or the memorandum and articles of association or other constitutional documents of the Fund or any offering circular, prospectus, information memorandum or similar document (including any document supplementing, amending or restating the same) or memorandum and articles of association or other constitutional documents of the Master Fund),
- (iv) interruption, breakdown or suspension of the calculation or publication of the net asset value or other value or price of the Master Fund,
- (v) a material modification of the type of assets in which the Fund and/or the Master Fund invests or the trading practices of the Fund or the Master Fund (including but not limited to a material deviation from the investment guidelines set out in any Fund Information Document) which, in the determination of the Calculation Agent, has or is likely to have a material effect on the hedging arrangements entered into by the Issuer and/or any of its Affiliates in respect of the Instruments,
- (vi) the non-execution or partial execution or delayed execution by or on behalf of the Fund for any reason of a subscription or redemption order in respect of any Fund Shares given by the Issuer and/or any of its Affiliates,
- (vii) the Fund otherwise suspends redemptions of any Fund Shares,
- (viii) the Fund or any party acting on its behalf imposes any restriction, charge or fee in respect of a redemption or issue of Fund Shares (other than any restriction, charge or fee in existence as at the Issue Date of the Instruments),
- (ix) the Fund, the Master Fund, the manager of the Master Fund or the Manager has any relevant licence, authorisation or registration cancelled or revoked by

any applicable regulatory authority and/or the Issuer and/or any Affiliate is required by an applicable regulatory authority to dispose of any Fund Shares held in connection with any hedging arrangements relating to the Instruments,

- (x) there is a change in the taxation treatment in any relevant jurisdiction in respect of any payments and/or deliveries made by a Fund or any reinvested amounts held by a Fund in respect of any Fund Shares as a result of which the amounts and/or assets realised by the Issuer and/or any Affiliate in connection with hedging arrangements relating to the Instruments are materially reduced or otherwise adversely affected,
- (xi) any other event occurs in relation to the relevant Fund or the relevant Fund Shares, which, in the determination of the Calculation Agent, has a material adverse effect on the value of such Fund Shares and/or the hedging activities of the Issuer and/or any Affiliate in connection with the Instruments and which is not a Potential Adjustment Event and/or
- (xii) the occurrence of a Potential Adjustment Event for which an adjustment in accordance with paragraph 2.[1].3 above is, in the determination of the Calculation Agent, for any reason not possible or not reasonably practical.]

6. Fund Substitution

If the Issuer determines that Fund Shares (the **Affected Fund Shares**) should be substituted pursuant to paragraph [●] above, the Calculation Agent shall, on or prior to the Realisation Date substitute the relevant Fund Shares with new fund shares (the **New Fund Shares** and the related fund, the **New Fund**) provided the New Fund has the same or similar strategy, objectives, guidelines and investment policies as specified in the Fund Information Document (as determined by the Calculation Agent in its reasonable discretion) and provided that the currency of the New Fund Shares is the same as that for the Affected Fund Shares.

If Affected Fund Shares are substituted pursuant to this provision, the Calculation Agent shall make such adjustments to the Conditions as it in its reasonable discretion deems appropriate to account for such substitution. For the avoidance of doubt, the Calculation Agent shall determine the effect of such substitution on any relevant Reference Level by taking into account the contribution to the Reference Level of the Affected Fund Shares by reference to the value at which the Fund Shares of the Affected Fund could have been redeemed, liquidated or disposed of at the date that the substitution takes place (or, if any of the Affected Fund Shares could not reasonably be redeemed, liquidated or disposed of such value shall be deemed to be zero or such other value reflective of their market value, in the determination of the Calculation Agent).

[IF THE DEFINITION OF "UNDERLYING" OR "BASKET" IN SCHEDULE 1 INCLUDES AN INDEX OR INDICES, INSERT THIS SECTION:]

1. Indices

[IF MORE THAN ONE TYPE OF UNDERLYING OR BASKET CONSTITUENT IS SET OUT IN THE DEFINITION OF "BASKET" OR "INSTRUMENTS" (A) THE PARAGRAPH 2 SECTIONS IN THIS SCHEDULE 3 WILL NEED TO BE

RENUMBERED APPROPRIATELY AND (B) THE FOLLOWING SHOULD BE INSERTED:

This paragraph 1 and the definitions herein shall only apply in relation to any Index or Indices specified in Schedule 1 in the column headed "Type of Basket Constituent" in the definition of "Basket" in Schedule 1, or in the column headed "Type of Underlying" in the definition of "Instruments", as the case may be. For any Underlying other than an Index or Indices which are specified in such column, other sections of this paragraph 2, if and to the extent applicable, and the definitions therein shall apply.]

2 *Definitions:*

Affiliate is as defined in Schedule 2;

Index means (i) the or, as the case may be, each index specified in the definition of "Underlying", "Instruments" or "Basket", as the case may be, in Schedule 1 (each a **Principal Index**) and (ii) any index included in any Principal Index, or used for the calculation or determination of any Principal Index or any Index Constituent thereof (a **Sub-Index**);

Index Constituent means any security or other asset or reference value (other than a Sub-Index) constituting an Index at a relevant time;

Index Sponsor means (i) in relation to a Principal Index, the sponsor specified for such Principal Index in the definition of "Underlying", "Instruments" or "Basket", as the case may be, in Schedule 1 and (ii) in relation to a Sub-Index, the entity determined by the Calculation Agent to be principally responsible for the determination and publication of such Sub-Index, provided that, in either case all references to an Index Sponsor shall include any Successor Sponsor (as defined below);

Reference Currency (i) in relation to a Principal Index, is as defined in Schedule 2 or, if not defined in Schedule 2, is the Settlement Currency and (ii) in relation to an Index Constituent or a Sub-Index, is the currency in which the Index Constituent or Sub-Index is denominated or quoted or with which it is most closely connected, as determined by the Calculation Agent;

Reference Level is as defined in Schedule 2;

Reference Source (i) in relation to a Principal Index, is as defined in Schedule 1 and (ii) in relation to any Sub-Index or Index Constituent, is the reference source or reference sources determined by the Calculation Agent to be applicable to the valuation of such Sub-Index or such Index Constituent, as the case may be, for the purposes of determining the Reference Level;

Related Exchange means, unless otherwise defined in Schedule 1, with respect to an Index or an Index Constituent, any exchange, trading system or quotation system on which options contracts or futures contracts on such Index or such Index Constituent are traded, as determined by the Calculation Agent;

Relevant Country means, each of:

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency or the Settlement Currency is the legal tender or currency and
- (ii) any country (or any political or regulatory authority thereof) with which an Index or an Index Constituent has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to the country or countries in which the Index is calculated or published, the issuer of the Index Constituent is incorporated and/or such other factor(s) as it may deem appropriate,

all as determined by the Calculation Agent.

Relevant Time means, with respect to an Index or an Index Constituent, the relevant time by reference to which the relevant Index Sponsor determines the price or value of such Index or such Index Constituent for the purposes of determining the Reference Level; and

Settlement Currency is as defined in paragraph [●] of these Final Terms above.

3. *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition [15] (*Notices*) if a Market Disruption Event has occurred on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by this paragraph 2 to determine the level of an Index.

Market Disruption Event means:

[IF THE REFERENCE SOURCE FOR ANY INDEX OR INDEX CONSTITUENT IS AN EXCHANGE, A TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING THREE LINES IF SECTION (II) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- (i) where the Reference Source for an Index or an Index Constituent is an exchange, a trading system or a quotation system as determined by the Calculation Agent,]
 - (a) the occurrence or existence on any Trading Day at the Relevant Time for such Index or such Index Constituent or at any time during the one hour period that ends at the Relevant Time for such Index or such Index Constituent:
 - (i) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits permitted by any Reference Source or any Related Exchange or otherwise):
 - (A) (on any Reference Source as a whole; or
 - (B) on any Related Exchange of any options contracts or futures contracts on or relating to any Index or any Index Constituent; or

- (C) on any exchange or trading system or quotation system on which an Index Constituent is listed or quoted of such Index Constituent; or
 - (ii) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in relation to or to obtain market values for such Index or such Index Constituent on the relevant Reference Source or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to such Index or such Index Constituent on any Related Exchange; or
- (b) the closure on any Trading Day of any Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour prior to (aa) the actual closing time for the regular trading session on such Reference Source or such Related Exchange on such Trading Day or, if earlier, (bb) the submission deadline (if applicable) for orders to be entered into such Reference Source or such Related Exchange system for execution at the Relevant Time on such Trading Day. A **Scheduled Closing Time** is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or
- (c) a general moratorium is declared in respect of banking activities in any Relevant Country; [or]

[INSERT IF THE REFERENCE SOURCE FOR ANY INDEX OR INDEX CONSTITUENT IS LOCATED IN AN EMERGING MARKET COUNTRY]

- (d) in relation to a Reference Currency for a Principal Index, a Sub-Index or an Index Constituent which is different from the Settlement Currency, the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Hedging Counterparty and/or any of its Affiliates from:
 - (i) converting such Reference Currency into the Settlement Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
 - (ii) converting such Reference Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
 - (iii) delivering such Reference Currency or Settlement Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or

- (iv) transferring such Reference Currency or Settlement Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country; or
- (e) a Relevant Country (a) imposes any controls or announces its intention to impose any controls or (b)(i) implements or announces its intention to implement or (ii) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Hedging Counterparty and/or any of its Affiliates' ability to acquire, hold, transfer or realise such Index Constituent or to effect transactions in relation to such Index,

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Hedging Counterparty and/or any of its Affiliates in relation to the Instruments[; and/.]

[IF THE REFERENCE SOURCE FOR ANY INDEX OR INDEX CONSTITUENT IS NOT AN EXCHANGE OR TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING THREE LINES IF SECTION (I) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- (ii) where the Reference Source for an Index or an Index Constituent is not an exchange, a trading system or a quotation system as determined by the Calculation Agent,]
 - (a) it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of such Index or Index Constituent by reference to such Reference Source in the manner specified in the definition of "Reference Level" in Schedule 2 or in "Information relating to the Underlying" attached in Schedule [●] to the Final Terms , or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise); or
 - (b) **[if section (i) is included above, insert: any event occurs, as described in 3(i)(c) [Insert if the Reference Source for any Index or Index Constituent is located in an Emerging Market Country, 3(i)(d) [.and/or 3(i)(e) [] above in relation to any such Index or Index Constituent,] OR [if section (i) is not included above, insert 3(i)(c) [,3(i)(d) [, and 3(i)(e) [here renumbered as 3(i)(a) [,3(i)(b) [, and 3(i)(c) [respectively]**

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments.

4. Adjustments to the Index

The Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition [15] (*Notices*) of any determination made by it pursuant to paragraph 4.1 or 4.2 below.

4.1 If an Index is:

- (a) not calculated and announced by the relevant Index Sponsor but is calculated and published by a successor sponsor (the **Successor Sponsor**) acceptable to the Calculation Agent; or
- (b) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index,

then in each case that Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.

4.2 If on or prior to any date with respect to which the Calculation Agent is required by this paragraph 2 to determine the level of an Index, the relevant Index Sponsor or, if applicable, the Successor Sponsor (i) makes or announces that it will make a material change in the formula for or the method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation and other routine events) (an **Index Modification**) or (ii) permanently cancels that Index (an **Index Cancellation**) or (iii) fails to calculate and announce that Index (an **Index Disruption**) and, in each case, paragraph 4.1(a) or 4.1(b) does not apply, then the [Hedging Counterparty] may take any action described in 4.2(a) or 4.2(b) below:

- (a) require the Calculation Agent to determine the level of that Index on that date using, in lieu of a published level for that Index, the level for that Index as at that date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the Index Modification, Index Cancellation or Index Disruption but using only those Index Constituents that comprised that Index immediately prior to the Index Modification, Index Cancellation or Index Disruption; or
- (b) cancel the Instruments by giving notice to Instrumentholders in accordance with General Condition [15] (*Notices*). If the Instruments are so cancelled, the Issuer will pay an amount to each Instrumentholder in respect of each Instrument held by such Instrumentholder which amount shall be the fair market value of a Instrument taking into account the Index Modification, Index Cancellation or Index Disruption, as the case may be, less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Instrumentholders in accordance with General Condition [4] (*Payments, Deliveries, Instrumentholder Expenses and Taxation*).

[INSERT FOR DEUTSCHE BANK PROPRIETARY INDEX, IF APPLICABLE:

Where provisions for the calculation of an Index are set out in "Information Relating to the Underlying" attached in Schedule [●] to the Final Terms then, for the avoidance of doubt, all the provisions set out in such sections are an integral part of how such Index is calculated and no calculation of such Index pursuant to any such provisions (including, but not limited to, any change in any Applicable Percentage or any operation of the provisions, if any, set out therein) will constitute an Index Modification as referred to above in paragraph 4.1 or necessitate any determination by the Calculation Agent pursuant to this paragraph 4.2]

- 4.3. The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Instrumentholder of any determination made by it pursuant to this paragraph 2 which occurs on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Instrumentholders copies of any such determinations.

[IF THE DEFINITION OF "UNDERLYING" OR "BASKET" IN SCHEDULE 1 INCLUDES A COMMODITY OR COMMODITIES, INSERT THIS SECTION:

1. *Commodities*

[IF MORE THAN ONE TYPE OF UNDERLYING OR BASKET CONSTITUENT IS SET OUT IN THE DEFINITION OF "BASKET" OR "INSTRUMENTS" (A) THE PARAGRAPH 2 SECTIONS IN THIS SCHEDULE 3 WILL NEED TO BE RENUMBERED APPROPRIATELY AND (B) THE FOLLOWING SHOULD BE INSERTED:

This paragraph 1 and the definitions herein shall only apply in relation to any Commodity or Commodities specified in Schedule 1 in the column headed "Type of Basket Constituent" in the definition of "Basket", or in the column headed "Type of Underlying" in the definition of "Instruments", as the case may be. For any Underlying other than a Commodity or Commodities which are specified in such column, other sections of this paragraph 1, if and to the extent applicable, and the definitions therein shall apply.]

2. *Definitions:*

Affiliate is as defined in Schedule 2;

Other Exchange means, with respect to a Commodity, each exchange, trading system or quotation system other than the Reference Source on which such Commodity is listed, traded or quoted;

Reference Currency is as defined in Schedule 2 or, if not defined in Schedule 2, is the Settlement Currency;

Reference Level is as defined in Schedule 2;

Reference Source is as defined in Schedule 1;

Related Exchange means, unless otherwise defined in Schedule 1, with respect to a Commodity, any exchange, trading system or quotation system on which options contracts or futures contracts on such Commodity are traded as determined by the Calculation Agent;

Relevant Country means, each of

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency or the Settlement Currency is the legal tender or currency and
- (ii) any country (or any political or regulatory authority thereof) with which the Commodity, or the Reference Source, has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to such factor(s) as it may deem appropriate,

all as determined by the Calculation Agent.

Relevant Time means, with respect to any Commodity, the relevant time by reference to which the Calculation Agent determines the price or value of such Commodity for the purposes of determining the Reference Level; and

Settlement Currency is as defined in paragraph [●] of these Final Terms.

3. *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition 15 if a Market Disruption Event has occurred on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by the Conditions to determine the price or value of a Commodity.

Market Disruption Event means:

[IF THE REFERENCE SOURCE FOR ANY COMMODITY IS AN EXCHANGE, A TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING TWO LINES IF SECTION (II) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- (i) where the Reference Source for any Commodity is an exchange, a trading system or a quotation system as determined by the Calculation Agent,
 - (a) the occurrence or existence on any Trading Day at the Relevant Time for such Commodity or at any time during the one hour period that ends at the Relevant Time for such Commodity:
 - (i) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits permitted by the relevant Reference Source or any Related Exchange or otherwise):
 - (A) of the Commodity on the Reference Source or any Other Exchange; or
 - (B) in options contracts or futures contracts relating to the Commodity on any Related Exchange; or
 - (ii) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in

general to effect transactions in relation to or to obtain market values for the Commodity on the relevant Reference Source or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to such Commodity on any Related Exchange; or

- (b) the closure on any Trading Day of the Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour prior to (aa) the actual closing time for the regular trading session on such Reference Source or such Related Exchange on such Trading Day or, if earlier, (bb) the submission deadline (if applicable) for orders to be entered into the Reference Source or such Related Exchange system for execution at the Relevant Time on such Trading Day. A **Scheduled Closing Time** is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or
- (c) a general moratorium is declared in respect of banking activities in any Relevant Country; [or]

[INSERT IF THE REFERENCE SOURCE FOR ANY COMMODITY IS LOCATED IN AN EMERGING MARKET COUNTRY:]

- (d) where the Reference Currency is different from the Settlement Currency, the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer and/or any of its Affiliates from:
 - (i) converting the Reference Currency into the Settlement Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
 - (ii) converting the Reference Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
 - (iii) delivering the Reference Currency or Settlement Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
 - (iv) transferring the Reference Currency or Settlement Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country; or
- (e) a Relevant Country (a) imposes any controls or announces its intention to impose any controls or (b)(i) implements or announces its intention to implement or (ii) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer and/or any of its Affiliates' ability to

acquire, hold, transfer or realise or otherwise to effect transactions in relation to such Commodity,

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments[; and/.]

[IF THE REFERENCE SOURCE FOR ANY COMMODITY IS NOT AN EXCHANGE OR TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING TWO LINES IF SECTION (I) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- (ii) where the Reference Source for any Commodity is not an exchange, a trading system or a quotation system as determined by the Calculation Agent,
 - (a) it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of such Commodity by reference to such Reference Source in the manner specified in the definition of "Reference Level" in Schedule 2 or in "Information relating to the Underlying" attached in Schedule [●] to the Final Terms , or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise); or
 - (b) *[if section (i) is included above, insert: any event occurs as described in 3(i)(c) [[Insert if the Reference Source for any Commodity is located in an Emerging Market Country:, 3(i)(d) [and/or 3(i)(e) [] above in relation to such Commodity,] OR [if section (i) is not included above, insert 3(i)(a), 3(i)(b) and 3(i)(c) here renumbered as 3(i)(c), 3(i)(d) and 3(i)(e) respectively]*

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments.

4. Potential Adjustment Events

If a Potential Adjustment Event occurs or has occurred, the Calculation Agent shall (1) determine the appropriate adjustment, if any, to any one or more of the Conditions; and (2) determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by a Related Exchange to options contracts or futures contracts on the relevant Commodity traded on that Related Exchange.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition 15, stating the adjustment made to the Conditions and giving brief details of the Potential Adjustment Event.

Potential Adjustment Event means any of the following:

- (i) the Commodity is traded on the Reference Source in a different quality or another composition (for example in a different degree of purity or with a different point of origin);
- (ii) any other event or measure as a result of which the Commodity, as traded on the Reference Source, is changed or altered;
- (iii) option contracts or futures contracts on or relating to the Commodity as traded on any Related Exchange are altered in the manner described under paragraphs (i) or (ii) above.

5. *Cessation of Trading and Other Termination Event*

5.1 Where the Reference Source for such Commodity is an exchange or a trading system or a quotation system, if the Reference Source announces that pursuant to the rules of such Reference Source, such Commodity ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason and is not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Calculation Agent (**Cessation of Trading**), or

5.2 if, after the occurrence of a Potential Adjustment Event, an adjustment in accordance with paragraph 2.1.3 above is, in the determination of the Calculation Agent, for any reason not possible or not reasonably practical (**Other Termination Event**),

the Issuer will cancel the Instruments by giving notice to Instrumentholders in accordance with General Condition 15.

If the Instruments are so cancelled, the Issuer will pay an amount to each Instrumentholder in respect of each Instrument held by such Instrumentholder which amount shall be the fair market value of a Instrument taking into account the Cessation of Trading or Other Termination Event, less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Instrumentholders in accordance with General Condition 15.

Upon the occurrence of such Cessation of Trading or Other Termination Event, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition 15 stating the occurrence of the Cessation of Trading or Other Termination Event. However, Instrumentholders should be aware that there may necessarily be some delay between the time at which any of the above events occur and the time at which it is reported to Instrumentholders.

[IF THE DEFINITION OF "UNDERLYING" OR "BASKET" IN SCHEDULE 1 INCLUDES A FOREIGN EXCHANGE RATE OR FOREIGN EXCHANGE RATES, INSERT THIS SECTION:]

1. *Foreign Exchange Rates*

[If more than one Type of Underlying or Basket Constituent is set out in the definition of "Basket" or "Instruments" (a) the paragraph 2 sections in this Schedule 3 will need to be renumbered appropriately and (b) the following should be inserted:

This paragraph 1 and the definitions herein shall only apply in relation to any Foreign Exchange Rate or Foreign Exchange Rates specified in Schedule 1 in the column headed "Type of Basket Constituent" in the definition of "Basket", or in the column headed "Type of Underlying" in the definition of "Instruments", as the case may be. For any Underlying other than a Foreign Exchange Rate or Foreign Exchange Rates which are specified in such column, other sections of this paragraph 1, if and to the extent applicable, and the definitions therein shall apply.]

2. *Definitions:*

Affiliate is as defined in Schedule 2;

Other Exchange means, with respect to a Rate of Exchange, each exchange, trading system or quotation system other than the Reference Source on which the relevant Rate of Exchange is listed, traded or quoted;

Reference Currency means, with respect to a Rate of Exchange, each currency specified in a Rate of Exchange;

Reference Level is as defined in Schedule 2;

Reference Source is as defined in Schedule 1;

Related Exchange means, unless otherwise defined in Schedule 1, with respect to a Rate of Exchange, any exchange, trading system or quotation system on which options contracts or futures contracts on the relevant Rate of Exchange are traded as determined by the Calculation Agent;

Relevant Country means, with respect to each Rate of Exchange, each of

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency for such Rate of Exchange, or the Settlement Currency is the legal tender or currency and
- (ii) any country (or any political or regulatory authority thereof) with which a Reference Currency for such Rate of Exchange, or the Reference Source, has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to such factor(s) as it may deem appropriate,

all as determined by the Calculation Agent.

Relevant Time means, with respect to any Rate of Exchange, the relevant time by reference to which the Calculation Agent determines the price or value of such Rate of Exchange for the purposes of determining the Reference Level;

Second Currency means the currency appearing in the second position in a Rate of Exchange; and

Settlement Currency is as defined in paragraph [●] of these Final Terms.

3. *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition 15 if a Market Disruption Event has occurred on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by the Conditions to determine the price or value of a Rate of Exchange in the Settlement Currency.

Market Disruption Event means:

[IF THE REFERENCE SOURCE FOR ANY RATE OF EXCHANGE IS AN EXCHANGE, A TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING TWO LINES IF SECTION (II) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- (i) where the Reference Source for any Rate of Exchange is an exchange, a trading system or a quotation system as determined by the Calculation Agent,
 - (a) the occurrence or existence on any Trading Day at the Relevant Time for such Rate of Exchange or at any time during the one hour period that ends at the Relevant Time for such Rate of Exchange:
 - (i) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits permitted by the relevant Reference Source or any Related Exchange or otherwise):
 - (A) of a Second Currency, for its conversion into the relevant First Currency, on the Reference Source or any Other Exchange; or
 - (B) in options contracts or futures contracts relating to a Second Currency, for its conversion into the relevant First Currency, on any Related Exchange; or
 - (ii) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in relation to or to obtain market values for a Second Currency, for its conversion into the relevant First Currency, on the relevant Reference Source or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to such Second Currency, for its conversion into the First Currency, on any Related Exchange; or
 - (b) the closure on any Trading Day of the Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour prior to (aa) the actual closing time for the regular trading session

on such Reference Source or such Related Exchange on such Trading Day or, if earlier, (bb) the submission deadline (if applicable) for orders to be entered into the Reference Source or such Related Exchange system for execution at the Relevant Time on such Trading Day. A **Scheduled Closing Time** is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or

- (c) a general moratorium is declared in respect of banking activities in any Relevant Country; [or]

[INSERT IF THE REFERENCE SOURCE FOR ANY RATE OF EXCHANGE IS LOCATED IN AN EMERGING MARKET COUNTRY:]

- (d) the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer and/or any of its Affiliates from:
- (i) converting a Second Currency into the relevant First Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
 - (ii) converting a Second Currency into the relevant First Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
 - (iii) delivering a First Currency or Second Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
 - (iv) transferring a First Currency or Second Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country; or
- (e) a Relevant Country (a) imposes any controls or announces its intention to impose any controls or (b)(i) implements or announces its intention to implement or (ii) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer and/or any of its Affiliates' ability to acquire, hold, transfer or realise or otherwise to effect transactions in relation to such Rate of Exchange,

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments]; and/.]

[IF THE REFERENCE SOURCE FOR ANY RATE OF EXCHANGE IS NOT AN EXCHANGE OR TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:]

[INSERT THE FOLLOWING TWO LINES IF SECTION (I) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:]

- (ii) where the Reference Source for any Rate of Exchange is not an exchange, a trading system or a quotation system as determined by the Calculation Agent,]
 - (a) it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of a Second Currency in the relevant First Currency by reference to such Reference Source in the manner specified in the definition of "Reference Level" in Schedule 2 to this Final Terms or in "Information relating to the Underlying" attached in Schedule ● to the Final Terms, or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise); or
 - (b) **[if section (i) is included above, insert:** any event occurs as described in 3(i)(c) **[Insert if the Reference Source for any Rate of Exchange is located in an Emerging Market Country;** 3(i)(d) and/or 3(i)(e)] above in relation to such Rate of Exchange,**] OR [if section (i) is not included above, insert 3(i)(c), 3(i)(d) and 3(i)(e) here renumbered as 3(i)(a), 3(i)(b) and 3(i)(c) respectively]**

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments.

4 Adjustment Event

If a Second Currency is, in its function as legal tender, in the country or jurisdiction, or countries or jurisdictions, maintaining the authority, institution or other body which issues such Reference Currency, replaced by another currency, or merged with another currency to become a common currency (such replacing or merged currency the **New Reference Currency**) and the provisions of paragraph 2.1.3 or of General Condition 10 do not apply, such Second Currency shall, within the Rate of Exchange, be replaced by the New Reference Currency (such exchange rate the **New Rate of Exchange**), provided that the New Rate of Exchange shall be calculated on the basis of the number of units of the New Reference Currency determined by the conversion of the number of units of the Second Currency used for the determination of the previous Rate of Exchange into the New Reference Currency using the exchange rate applicable to such conversion, all as determined by the Calculation Agent.

5. Termination Events

- 5.1 If a Reference Currency ceases, for any reason, to be legal tender in the country or jurisdiction, or countries or jurisdictions, maintaining the authority, institution or other body which issues such Reference Currency, and the provisions of paragraph 4 or of General Condition 10 do not apply, or if an adjustment in accordance with paragraph 4 is, in the determination of the Calculation Agent, for any reason not possible or not reasonably practical, or
- 5.2 where the Reference Source for any Rate of Exchange is an exchange or a trading system or a quotation system, if the Reference Source announces that pursuant to the rules of such Reference Source, the exchange rate between the relevant First Currency and Second Currency

ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason and is not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Calculation Agent (**Cessation of Trading**),

(each such event a **Termination Event**), the Issuer will cancel the Instruments by giving notice to Instrumentholders in accordance with General Condition 15.

If the Instruments are so cancelled, the Issuer will pay an amount to each Instrumentholder in respect of each Instrument held by such Instrumentholder which amount shall be the fair market value of a Instrument taking into account the relevant Termination Event, less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Instrumentholders in accordance with General Condition 15.

Upon the occurrence of such Termination Event, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with General Condition 15 stating the occurrence of the Termination Event. However, Instrumentholders should be aware that there may necessarily be some delay between the time at which any of the above events occur and the time at which it is reported to Instrumentholders.

SCHEDULE 4 TO THE FINAL TERMS
PRODUCT SPECIFIC RISK FACTORS

[TO BE ADDED WHERE RELEVANT TO A PARTICULAR PRODUCT ONLY]

[Hedge Funds and other Alternative Investment Funds]

The Underlying may comprise or be linked to hedge funds and other alternative investment funds (each an **Alternative Investment Fund**). The following is a non-exhaustive list of the risks associated with investing in Alternative Investment Funds.

Trading Advisor: The performance of an Alternative Investment Fund will depend on the performance of the investments selected by the relevant trading advisor (the **Trading Advisor** in respect of an Alternative Investment Fund is the entity which provides investment management services to the Alternative Investment Fund) and, to a great extent, upon the expertise of key individuals associated with the day-to-day operations of the Trading Advisor. Any withdrawal or other cessation of investment activities on behalf of the Trading Advisor by any of these individuals could result in losses and/or the termination or the dissolution of the relevant Alternative Investment Fund. The investment strategy, investment restrictions and investment objectives of an Alternative Investment Fund give its Trading Advisor considerable discretion to invest the assets thereof and there can be no guarantee that the Trading Advisor's investment decisions will be profitable or will effectively hedge against the risk of market or other conditions causing the value of the relevant Alternative Investment Fund to decline. A Trading Advisor will receive performance related fees, which may be substantial. The manner of calculating such fees may create an incentive for the Trading Advisor to make investments that are riskier or more speculative than would be the case if such fees were not paid to the Trading Advisor. In addition, since the performance fees may be calculated on a basis that includes both unrealised and realised gains on the relevant Alternative Investment Fund's assets, such fees may be greater than if they were based solely on realised gains.

Lack of segregation of assets: A prime broker (which may be Deutsche Bank AG London or an affiliate thereof) will be, or will have been, appointed in relation to an Alternative Investment Fund and will accordingly be responsible for custody, clearing, financing and reporting services with respect to the securities transactions entered into by the relevant Trading Advisor. Where investments by an Alternative Investment Fund are classified by the relevant prime broker as collateral, they may not be segregated by such prime broker from its own investments. As a result, such investments may be available to the creditors of such prime broker in the event of its insolvency and the relevant Alternative Investment Fund may lose some or all of its interest in such investments.

Hedging risks: A Trading Advisor may utilise warrants, futures, forward contracts, swaps, options and other derivative instruments involving securities, currencies, interest rates, commodities and other asset categories (and combinations of the foregoing) for the purposes of establishing "market neutral" arbitrage positions as part of its trading strategies and to hedge against movements in the capital markets. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions may also limit the opportunity for gain if the value of the portfolio position should increase. Moreover, it may not always be possible for the Trading Advisor to execute hedging transactions, or to do so at prices, rates or levels advantageous to the Alternative Investment Fund. The success of any hedging transactions will be subject to the movements in the direction of securities prices and currency and

interest rates, and stability or predictability of pricing relationships. Therefore, while an Alternative Investment Fund might enter into such transactions to reduce currency exchange rate and interest rate risks, unanticipated changes in currency or interest rates may result in poorer overall performance for the Alternative Investment Fund than if it had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Moreover, for a variety of reasons, the relevant Trading Advisor may not be able to, or may not seek to, establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. An imperfect correlation may prevent an Alternative Investment Fund from achieving the intended hedge or expose an Alternative Investment Fund to risk of loss.

Leverage: Alternative Investment Funds may be able to borrow (or employ leverage) without limitation and may utilise various lines of credit and other forms of leverage, including swaps and repurchase agreements. While leverage presents opportunities for increasing an Alternative Investment Fund's total return, it has the effect of potentially increasing losses as well. If income and appreciation on investments made with borrowed funds are less than the required interest payments on the borrowings, the value of the Alternative Investment Fund will decrease. Additionally, any event which adversely affects the value of an investment by an Alternative Investment Fund would be magnified to the extent such Alternative Investment Fund is leveraged. The cumulative effect of the use of leverage by an Alternative Investment Fund in a market that moves adversely to such Alternative Investment Fund's investments could result in a substantial loss to the Alternative Investment Fund that would be greater than if the Alternative Investment Fund were not leveraged. Furthermore, any use by the Alternative Investment Fund of swaps and other derivatives to gain exposure to certain Alternative Investment Funds will leverage the Alternative Investment Fund's assets, and subject it to the risks described above. Two further specific risks are:

- (1) *interest rates:* interest rates and changes in interest rates may affect the Net Asset Value of the Alternative Investment Fund index if the relevant Trading Advisor employs leverage. The level of interest rates generally, and the rates at which the relevant Alternative Investment Fund can borrow, will affect its returns and therefore the Alternative Investment Fund index; and
- (2) *operational and market risks:* small hedging errors may be amplified by leverage into major duration imbalances that render an investment exposed to directional shifts in the yield curve and may lead to a total loss of the leveraged investment. Hedges may fail to track target investments due to uncorrelated changes in spreads between various instruments, resulting in large unexpected losses. In addition, it is operationally difficult to manage a leveraged portfolio of complex instruments, not only because positions must be monitored for asset performance, but also because prices must be determined and valuation disputes with counterparties resolved to ensure adequate maintenance of collateral for hedging or funding contracts. Failure to do so can lead to defaults on margin maintenance requirements and can expose an Alternative Investment Fund to the withdrawal of credit lines necessary to fund asset positions.

Risks associated with the use of margin borrowings: A Trading Advisor's anticipated use of short-term margin borrowings will result in certain additional risks to the Alternative Investment Fund. For example, if securities pledged to brokers to secure an Alternative Investment Fund's margin accounts decline in value, such Alternative Investment Fund could be subject to a "margin call", pursuant to which it must either deposit additional funds with the managed account for subsequent deposit with the broker or be subject to mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the relevant Alternative Investment Fund's assets, the Trading Advisor might not be able to liquidate assets quickly enough to pay off the

margin debt. In such a case, the relevant prime broker may liquidate additional assets of the Alternative Investment Fund, in its sole discretion, in order to satisfy such margin debt. The premiums for certain options traded on non-US exchanges may be paid for on margin. If the Trading Advisor sells an option on a futures contract from the relevant managed account, it may be required to deposit margin in an amount equal to the margin requirement established for the futures contract underlying the option and, in addition, an amount substantially equal to the premium for the option. The margin requirements imposed on the writing of options, although adjusted to reflect the probability that out-of-the-money options will not be exercised, can in fact be higher than those imposed in dealing in the futures markets directly. Whether any margin deposit will be required for over-the-counter options will depend on the agreement of the parties to the transaction.

Low credit quality securities: The Alternative Investment Fund indices may include Alternative Investment Funds which may make particularly risky investments that also may offer the potential for correspondingly high returns. As a result, an Alternative Investment Fund may lose all or substantially all of its investment in any particular instance. In addition, there is no minimum credit standard which is a prerequisite to an Alternative Investment Fund's investment in any security. The debt securities in which an Alternative Investment Fund is permitted to invest may be rated lower than investment grade and hence may be considered to be "junk bonds" or distressed securities.

Distressed securities: Alternative Investment Funds may invest in securities of US and non-US issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, or that are involved in bankruptcy or reorganisation proceedings. Investments of this type may involve substantial financial and business risks that can result in substantial or, at times, even total losses. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and a court's power to disallow, reduce, subordinate or disenfranchise particular claims. The market prices of such securities are also subject to abrupt and erratic market movements and above-average price volatility, and the spread between the bid and asked prices of such securities may be greater than those prevailing in other securities markets. It may take a number of years for the market price of such securities to reflect their intrinsic value. In liquidation (both in and out of bankruptcy) and other forms of corporate reorganisation, there exists the risk that the reorganisation will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution to the Alternative Investment Fund of cash or a new security the value of which will be less than the purchase price of the security in respect of which such distribution was made.

Derivatives: Certain Alternative Investment Funds may invest in complex derivative instruments which seek to modify or replace the investment performance of particular securities, commodities, currencies, interest rates, indices or markets on a leveraged or unleveraged basis. These instruments generally have counterparty risk and may not perform in the manner expected by the counterparties, thereby resulting in greater loss or gain to the investor. These investments are all subject to additional risks that can result in a loss of all or part of an investment, in particular, interest rate and credit risk, volatility, world and local market price and demand, and general economic factors and activity. Derivatives may have very high leverage embedded in them that can substantially magnify market movements and result in losses greater than the amount of the investment. The Alternative Investment Funds may also buy or sell options on a variety of underlying assets. Risk of writing (selling) options is unlimited in that the writer of the option must purchase (in the case of a put) or sell (in the

case of a call) the underlying security at a certain price upon exercise. There is no limit on the price an Alternative Investment Fund may have to pay to meet its obligations as an option writer. As assets that can have no value at their expiration, options can introduce a significant additional element of leverage and risk to an Alternative Investment Fund's market exposure. The use of certain options strategies can subject an Alternative Investment Fund to investment losses that are significant even in the context of positions for which the relevant Trading Advisor has correctly anticipated the direction of market prices or price relationships.

Special risks associated with trading in over-the-counter derivatives: Some of the markets in which an Alternative Investment Fund may effect derivative transactions are "over-the-counter" or "interdealer" markets, which may be illiquid and are sometimes subject to larger spreads than exchange-traded derivative transactions. The participants in such markets are typically not subject to credit evaluation and regulatory oversight, which would be the case with members of "exchange-based" markets. This exposes the Alternative Investment Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in "exchange-based" markets. These factors may cause an Alternative Investment Fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise. Such "counterparty risk" is present in all swaps, and is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Alternative Investment Fund has concentrated its transactions with a single or small group of counterparties. An Alternative Investment Fund generally is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. In addition, if a Trading Advisor engages in such over-the-counter transactions, the relevant Alternative Investment Fund will be exposed to the risk that the counterparty (usually the relevant prime broker) will fail to perform its obligations under the transaction. The valuation of over-the-counter derivative transactions is also subject to greater uncertainty and variation than that of exchange-traded derivatives. The "replacement" value of a derivative transaction may differ from the "liquidation" value of such transaction, and the valuations provided by an Alternative Investment Fund's counterparty to such transactions may differ from the valuations provided by a third party or the value upon liquidation of the transaction. Under certain circumstances it may not be possible for an Alternative Investment Fund to obtain market quotations for the value of an over-the-counter derivatives transaction. An Alternative Investment Fund may also be unable to close out or enter into an offsetting over-the-counter derivative transaction at a time it desires to do so, resulting in significant losses. In particular, the closing-out of an over-the-counter derivative transaction may only be effected with the consent of the counterparty to the transaction. If such consent is not obtained, an Alternative Investment Fund will not be able to close out its obligations and may suffer losses.

Illiquid investments: Certain Alternative Investment Funds may make investments which are subject to legal or other restrictions on transfer or for which no liquid market exists, such as private placements. The market prices, if any, of such investments tend to be more volatile and it may be impossible to sell such investments when desired or to realise their fair value in the event of a sale. Moreover, securities in which an Alternative Investment Fund may invest include those that are not listed on a stock exchange or traded in an over-the-counter market. As a result of the absence of a public trading market for these securities, they are likely to be less liquid than publicly traded securities. There may be substantial delays in attempting to sell non-publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realised from these sales could be less than those originally paid. Furthermore, companies whose securities are not registered or publicly

traded are not subject to the disclosure and other investor protection requirements which would be applicable if their securities were registered or publicly traded. In addition, futures positions may become illiquid because, for example, most US commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Futures contract prices in various commodities occasionally have exceeded the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent a Trading Advisor from promptly liquidating unfavourable positions and subject the relevant Alternative Investment Fund to substantial losses. In addition, an exchange or regulatory authority may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. The illiquidity of positions may result in significant unanticipated losses.

Legal and regulatory risks: Legal and regulatory changes could adversely affect an Alternative Investment Fund. Regulation of investment vehicles such as an Alternative Investment Fund, and of many of the investments a Trading Advisor is permitted to make on behalf of an Alternative Investment Fund, is still evolving and therefore subject to change. In addition, many governmental agencies, self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The effect of any future legal or regulatory change on an Alternative Investment Fund is impossible to predict, but could be substantial and adverse.

Short-selling: An Alternative Investment Fund may engage in short selling transactions. A short sale involves the sale of a security that the seller does not own in the hope of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the Alternative Investment Fund must borrow the security and is obligated to return the security to the lender, which is accomplished by a later purchase of the security. The Alternative Investment Fund realises a profit or a loss as a result of a short sale if the price of the security decreases or increases respectively between the date of the short sale and the date on which the Alternative Investment Fund covers its short position, i.e., purchases the security to replace the borrowed security. A short sale involves the theoretically unlimited risk of an increase in the market price of the security that would result in a theoretically unlimited loss.

Commodity Futures: Commodity futures markets are highly volatile. Alternative Investment Funds investing in these commodity markets must be able to analyse correctly such markets, which are influenced by, among other things, changing supply and demand relationships, weather, governmental, agricultural, commercial and trade programs and policies designed to influence commodity prices, world political and economic events, and changes in interest rates. Moreover, investments in futures and options contracts involve additional risks including, without limitation, leverage (margin is usually only 5-15 per cent. of the face value of the contract and exposure can be nearly unlimited). An Alternative Investment Fund's futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent an Alternative Investment Fund from promptly liquidating unfavourable positions and subject it to substantial losses.

Alternative Investment Fund compensation: An Alternative Investment Fund typically

provides for a performance fee or allocation, over and above a basic advisory fee, to its general partner, Trading Advisor or person serving in an equivalent capacity. Performance fees or allocations could create an incentive for a Trading Advisor to choose riskier or more speculative underlying investments than would otherwise be the case.

"Soft Dollar" payments: In selecting brokers, banks and dealers to effect transactions on behalf of an Alternative Investment Fund, the relevant Trading Advisor may consider such factors as price, the ability of the brokers, banks and dealers to effect transactions promptly and reliably, their facilities, the operational efficiency with which transactions are effected, their financial strength, integrity and stability and the competitiveness of commission rates in comparison with other brokers, banks and dealers, as well as the quality, comprehensiveness and frequency of any products or services provided, or expenses paid, by such brokers, banks and dealers. Products and services may include research items used by the Trading Advisor in making investment decisions, and expenses may include general overhead expenses of the Trading Advisor. Such "soft dollar" benefits may cause an Alternative Investment Fund manager to execute a transaction with a specific broker, bank, or dealer even though it may not offer the lowest transaction fees. A Trading Advisor is not required to (i) obtain the lowest brokerage commission rates or (ii) combine or arrange orders to obtain the lowest brokerage commission rates on its brokerage business. If a Trading Advisor determines that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and research products or services provided by such broker, it may execute transactions for which such broker's commissions are greater than the commissions another broker might charge. Such brokerage commissions may be paid to brokers who execute transactions for the relevant managed account and which supply, pay for or rebate a portion of the Alternative Investment Fund's brokerage commissions to Alternative Investment Funds for payment of the cost of property or services (such as research services, telephone lines, news and quotation equipment, computer facilities and publications) utilised by the relevant Trading Advisor or its affiliates. A Trading Advisor will have the option to use "soft dollars" generated by its investment activities to pay for the property and services described above. The term "soft dollars" refers to the receipt by a Trading Advisor of property and services provided by brokers (or futures commission merchants in connection with futures transactions) without any cash payment by such Trading Advisor based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the Trading Advisor. A Trading Advisor will consider the amount and nature of research services provided by brokers, as well as the extent to which such services are relied upon, and will attempt to allocate a portion of the brokerage business of the relevant managed account on the basis of those considerations.

Highly volatile markets: The prices of commodities contracts and all derivative instruments, including futures and options prices, are highly volatile. Price movements of forward contracts, futures contracts, and other derivative contracts in which Alternative Investment Funds may invest are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and U.S. and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. Alternative Investment Funds also are subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearing houses.

Investments in non-US and non-EU markets: A Trading Advisor may invest in securities of issuers that are not located, or subject to regulation, in the United States or the European Union, that are not USD-, GBP- or euro-denominated and that are not traded in the United

States or the European Union. Such investments involve certain special risks, including risks associated with political and economic uncertainty, adverse governmental policies, restrictions on foreign investment and currency convertibility, currency exchange rate fluctuations, possible lower levels of disclosure and regulation, and uncertainties as to the status, interpretation and application of laws, including, but not limited to, those relating to expropriation, nationalisation and confiscation. Companies not located in the United States or the European Union are also not generally subject to uniform accounting, auditing and financial reporting standards, and auditing practices and requirements may not be comparable to those applicable to United States and European Union companies. Further, prices of securities not traded in the United States or the European Union, especially those securities traded in emerging or developing countries, tend to be less liquid and more volatile. In addition, settlement of trades in some such markets may be much slower and more subject to failure than in United States or European Union markets. An investment outside the United States and the European Union could impose additional costs on the relevant managed account. Brokerage commissions generally are higher outside the United States and the European Union and currency conversion costs could be incurred when a Trading Advisor changes investments from one country to another. Increased custodian costs as well as administrative difficulties (such as the applicability of laws of non-US and non-EU jurisdictions to non-US and non-EU custodians in various circumstances, including bankruptcy, ability to recover lost assets, expropriation, nationalisation and record access) may also arise from the maintenance of assets in jurisdictions outside the United States and the European Union.

Special risks associated with trading in forward contracts: Alternative Investment Funds may engage in forward trading. Forward contracts, unlike futures contracts, are not traded on exchanges and are not standardised, rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have been unable to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Alternative Investment Funds due to unusually high trading volume, political intervention or other factors. Market illiquidity or disruption could result in major losses to an Alternative Investment Fund.

Concentration of investments: Although an Alternative Investment Fund's investments may be diversified the Trading Advisor in respect of an Alternative Investment Fund may invest such Alternative Investment Fund's assets in a limited number of investments that may be concentrated in a few countries, industries, sectors of an economy or issuers. As a result, although investments by Alternative Investment Funds may be diversified, the negative impact on the value of the relevant Alternative Investment Fund from adverse movements in a particular country, economy or industry or in the value of the securities of a particular issuer could be considerably greater than if such Alternative Investment Fund were not permitted to concentrate its investments to such an extent.

Turnover: Alternative Investment Funds may invest on the basis of certain short-term market considerations. As a result, the turnover rate within Alternative Investment Funds is expected to be significant, potentially involving substantial brokerage commissions, fees and other transaction costs.

Operational and human error: The success of an Alternative Investment Fund depends in part upon the relevant Trading Advisor's accurate calculation of price relationships, the

communication of precise trading instructions and ongoing position evaluations. In addition, a Trading Advisor's strategies may require active and ongoing management of durations and other variables, and dynamic adjustments to an Alternative Investment Fund's positions. There is the possibility that, through human error, oversight or operational weaknesses, mistakes could occur in this process and lead to significant trading losses and an adverse effect on the relevant net asset value.

Reliability of valuations: Alternative Investment Funds are valued pursuant to the Alternative Investment Fund's instrument governing such valuations. As a general matter, the governing instruments of Alternative Investment Funds provide that any securities or investments which are illiquid, not traded on an exchange or in an established market or for which no value can be readily determined, will be assigned such fair value as the respective investment managers may determine in their judgement based on various factors. Such factors include, but are not limited to, aggregate dealer quotes or independent appraisals. Such valuations may not be indicative of what actual fair market value would be in an active, liquid or established market.]

[Futures and Options

The Underlying may comprise or be linked to futures and/or options.

There are special risk considerations associated with an Underlying of which the performance is linked to futures, options or other derivative contracts. Depending on the nature of the underlying assets, reference rates or other derivatives to which they relate and on the liquidity in the relevant contract, the prices of such instruments may be highly volatile and hence risky in nature.]

[CTA Deposits

The Underlying may comprise or be linked to CTA Deposits.

A CTA Deposit is a margin investment account held with a bank and managed by a Commodity Trading Adviser registered with the US Commodity Futures Trading Commission or any other relevant regulatory authority, under terms that the Commodity Trading Adviser may engage in trading on a margin (leveraged or geared) basis in a variety of liquid financial instruments including listed and unlisted futures, forwards and options relating to a variety of asset classes including but not limited to interest rates, fixed income securities, commodities, currencies and equities (and may also engage in trading directly in a number of such asset classes). Accordingly the risks relating to an exposure directly or indirectly to CTA Deposits will be a complicated function of the risks associated with the underlying asset class, the risks associated with the derivative or other instrument by which such exposure is assumed and the level of gearing.]

[Structured Finance Securities

The Underlying may comprise or be linked to structured finance securities.

Structured finance securities include, without limitation, asset-backed securities and portfolio credit-linked notes.

Asset-backed securities are securities primarily serviced, or secured, by the cash flows of a pool of receivables (whether present or future) or other underlying assets, either fixed or revolving. Such underlying assets may include, without limitation, residential and commercial mortgages, leases, credit card receivables as well as consumer and corporate debt. Asset-backed securities can be structured in different ways, including "true sale" structures, where the underlying assets are transferred to a special purpose entity, which in turn issues the asset-backed securities, and "synthetic" structures, in which not the assets, but only the credit risks associated with them are transferred through the use of derivatives, to a special purpose entity, which issues the asset-backed securities.

Portfolio credit-linked notes are securities in respect of which the payment of principal and interest is linked directly or indirectly to one or more managed or unmanaged portfolios of reference entities and/or assets (**reference credits**). Upon the occurrence of a credit-related trigger event (**credit event**) with respect to a reference credit (such as a bankruptcy or a payment default), a loss amount will be calculated (equal to, for example, the difference between the par value of an asset and its recovery value).

Asset-backed securities and portfolio credit-linked notes are usually issued in different tranches. Any losses realised in relation to the underlying assets or, as the case may be, calculated in relation to the reference credits are allocated first to the securities of the most junior tranche, until the principal of such securities is reduced to zero, then to the principal of the next lowest tranche, and so forth.

Accordingly, in the event that (a) in relation to asset-backed securities, the underlying assets do not perform and/or (b) in relation to portfolio credit-linked notes, any one of the specified credit events occurs with respect to one or more of the underlying assets or reference credits, this may affect the value of the relevant securities (which may be zero) and any amounts paid on such securities (which may be zero). This may in turn affect the value or amounts payable in respect of the Instruments. In addition the value of structured finance securities from time to time, and consequently the value or amounts payable in respect of the Instruments, may be adversely affected by macro economic factors such as adverse changes affecting the sector to which the underlying assets or reference credits belong (including industry sectors, services and real estate), economic downturns in the respective countries or globally, as well as circumstances related to the nature of the individual assets (for example, project finance loans are subject to risks connected to the respective project). The implications of such negative effects thus depend heavily on the geographic, sector-specific and type-related concentration of the underlying assets or reference credits. The degree to which any particular asset-backed security or portfolio credit-linked note is affected by such events will depend on the tranche to which such security relates; junior tranches, even having received investment grade rating, can therefore be subject to substantial risks.

Exposure to structured finance securities may entail a higher liquidity risk than exposure to sovereign or corporate bonds. In the absence of a liquid market for the respective structured finance securities, they may only be traded at a discount from face value and not at the fair value, which may in turn affect the value or amounts payable in respect of the Instruments.]

[Real Estate

The Underlying may comprise or be linked to real estate assets.

There are special risk considerations associated with an Underlying of which the performance is linked to securities of companies principally engaged in the real estate industry. These include: the cyclical nature of real estate values, risks related to general and local economic conditions, overbuilding and increased competition, increases in property taxes and operating expenses, demographic trends and variations in rental income, changes in zoning laws, casualty or condemnation losses, environmental risks, regulatory limitations on rents, changes in neighbourhood values, related party risks, changes in the appeal of properties to tenants, increases in interest rates and other real estate capital market influences. Generally, increases in interest rates will increase the costs of obtaining financing, which could directly and indirectly decrease the value of the Underlying and thus the value or amounts payable in respect of the Instruments.]

[Commodities

The Underlying may comprise or be linked to commodities.

Prices of commodities are influenced by, among other things, various macro economic factors such as changing supply and demand relationships, weather conditions and other

natural phenomena, agricultural, trade, fiscal, monetary, and exchange control programmes and policies of governments (including government intervention in certain markets) and other unforeseeable events.]

[Emerging Market Assets

The Underlying may comprise or be linked to emerging market assets.

Exposure to emerging markets assets generally entails greater risks than exposure to well-developed markets, including potential significant legal economic and political risks.

Emerging markets are by definition "in transformation" and are therefore exposed to the risk of swift political changes and economic downturn. In recent years, many emerging market countries have undergone significant political, economic and social change. In many cases, political concerns have resulted in significant economic and social tensions and in some cases both political and economic instability has occurred. Political or economic instability may affect investor confidence, which could in turn have a negative impact on the prices of emerging market exchange rates, securities or other assets.

The prices of emerging market exchange rates, securities or other assets are often highly volatile. Movements in such prices are influenced by, among other things, interest rates, changing market supply and demand, external market forces (particularly in relation to major trading partners), trade, fiscal, monetary programmes, policies of governments, and international political and economic events and policies.

In emerging markets, the development of securities markets usually is at an early stage. This could lead to risks and practices (such as increased volatility) that are not common in more developed securities markets, which may negatively affect the value of securities listed on the exchanges of such countries. In addition, markets of emerging market countries are often characterised by illiquidity in the form of a low turnover of some of the listed securities.

It is important to note that, during times of global economic slowdown, emerging market exchange rates, securities and other assets are more likely than other forms of investment]

ANNEX 4
FORM OF FINAL TERMS FOR BENEFICIARY SHARES

FORM OF FINAL TERMS - BENEFICIARY SHARES

Set out below is the form of Final Terms for each Tranche of Instruments which will contain such of the following information (which may be modified in relation to any particular issue of Instruments by agreement between the Issuer, the Principal Agent and the relevant Dealer(s)) as is applicable in respect of such Instruments.

Final Terms dated [●]

[These Final Terms are subject to the provisions of circular letter CSSF 04/151]

PALLADIUM SECURITIES 1 S.A.

(incorporated as a public limited liability company (*société anonyme*) under the laws of the Grand Duchy of Luxembourg, registered with the Luxembourg trade and companies register under number B.103036 and subject to the Luxembourg act dated 22 March 2004 on securitisation)

[Currency] [Aggregate Nominal Value] [Description of Instruments] (together **Instruments**)

Issue Price: [[Insert Price] per Instrument]/[[●] per cent.]

Programme for the issuance of Debt Instruments and Beneficiary Shares

PART A – CONTRACTUAL TERMS

By subscribing to, or otherwise acquiring, the Instruments, the holders of the Instruments (i) expressly accept, and shall be deemed to be bound by, the provisions of the Luxembourg act dated 22 March, 2004 on securitisation (the **Securitisation Act 2004**) and in particular the provisions on limited recourse, no petition, subordination, waterfall and priority of payments as included in the General Conditions, the Prospectus, these Final Terms and any Supplement relating to the Instruments and (ii) expressly accept the creation of a separate compartment relating to the Instruments.

Terms used herein shall be deemed to be as defined in the articles of association of the Issuer (the **Articles**). The summary of the Articles is set out in the Prospectus dated [●], 2005 which constitutes two base prospectuses (each a **Base Prospectus** for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**), one in respect of asset backed securities issued by the Issuer, and one in respect of warrants issued by the Issuer. This document constitutes the Final Terms of the Instruments described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the relevant Base Prospectus comprised in the Prospectus. Full information on the Issuer and the offer of the Instruments is only available on the basis of the combination of these Final Terms, the Articles and the Base Prospectus (as supplemented from time to time). The Prospectus is available for viewing at [address] and [website] and copies may be obtained from [address].

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual

paragraphs or subparagraphs. *Italicised text denotes directions for completing these Final Terms.*]

[When adding any other final terms or information in Part A or in relation to disclosure relating to the interests of natural and legal persons involved in the issue/offer in Part B consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive, the publication of which would in turn trigger the investors' right to withdraw their acceptances within a 48-hour time period.]

[Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. [May be satisfied by the inclusion of the following statement "Save as disclosed in "Subscription and Sale", so far as the Issuer is aware, no person involved in the offer of the Instruments has an interest material to the offer."]

1. Issuer:

Palladium Securities 1 S.A.

The Issuer is a securitisation company (*société de titrisation*) incorporated under the laws of the Grand Duchy of Luxembourg as a public limited liability company (*société anonyme*). The Issuer's activities are subject to the Securitisation Act 2004. The Issuer has received the approval (*agrément*) from the Luxembourg financial sector and stock exchange regulator, the *Commission de surveillance du secteur financier*, as a regulated securitisation company under the Securitisation Act 2004. The board of directors of the Issuer has created a separate compartment in respect of the Instruments to which all the assets and liabilities relating to the Instruments will be allocated. See paragraph 48.

Type of Instruments:

Beneficiary Shares.

Voting Rights – Special:

[Applicable – see 8.2.7 of the Articles]

[(i) As to Article 8.2.7(a)(i):]

[Applicable] [Not Applicable]

[(ii) As to Article 8.2.7(a)(ii):]

[Applicable] [Not Applicable]

[(iii) As to Article 8.2.7(a)(iii):]

[Applicable] [Not Applicable]

[(iv) As to Article 8.2.7(a)(iv):]

[Applicable] [Not Applicable]

[(v) As to Article 8.2.7(a)(v):]

[Applicable] [Not Applicable]

[(vi) As to Article 8.2.7(a)(vi):]

[Applicable] [Not Applicable]

2. [(i)] Series Number: [●]
- [(ii)] Tranche Number: [●]
- [If fungible with an existing Series, details of that Series, including the date on which the Instruments become fungible.]*
- [(iii)] Nominal Value: [●]
- [(iv)] Denominations: Nominal Value]
3. Specified Currency or Currencies: [EUR][GBP][USD][CHF][*Other*]
4. Aggregate Nominal Value of Instruments being admitted to trading: [●]
- [(i)] Series: [●]
- [(ii)] Tranche: [●]
5. Issue Price: [[●] per cent. of the Nominal Value per Instrument]
- [plus accrued dividends from [Date] (in the case of fungible issues only, if applicable)]*
- [Other]*
- [Indicate amount of any expenses and taxes specifically charged to the purchasers of the Instrument]*
6. [(i)] Number of Instruments being issued: [●]
- [(ii)] Minimum Trading Size: Not Applicable.
7. [(i)] Issue Date: [●]
- [(ii)] Primary Market End Date: [●] or, if such day is not a Business Day, the first succeeding Business Day;]
8. Redemption Date: [The [●] Payment Day following the last occurring Valuation Date.]
- [Details]*
9. Dividend/Payment Basis: [[●] per cent. Dividend Rate]
- [Discounted Beneficiary Share]*

[The Instruments do not bear dividends.]

[Other]

[Further particulars - see Schedule 2]

10. Redemption/Payment Basis:

[See Schedule 2]

[Redemption at par]

11. Change of Redemption/Payment Basis:

[Details of any provision for convertibility of Instruments into another redemption/payment basis]

[None]

12. Status of the Instruments:

Limited recourse

PROVISIONS RELATING TO DIVIDENDS

13. Fixed Rate Provisions:

[Applicable as Dividend Rate - see Schedule 2]

[Not Applicable]

[(If not applicable, delete the remaining sub-paragraphs of this paragraph)]

[(i) Fixed Rate:

[The Dividend Rate is [●] per cent. per annum payable in arrear

[annually]

[semi-annually]

[quarterly]

[monthly]] [- see Schedule 2]

(ii) Payment Date(s):

[The Dividend Payment Dates are [●] in each year up to and subject to any Early Termination Date]

[or, if any such day is not a Payment Day, the next following Payment Day]

(iii) Fixed Amount[(s)] or Business Day Convention^{*}:

[For Fixed Amounts: [The Dividend Amount is described in Schedule 2]]

[For Business Day Convention:

[Following Business Day Convention]

^{*} Delete as applicable.

- [Modified Following Business Day Convention]
- [Preceding Business Day Convention]]
- (iv) Day Count Fraction: Not Applicable
- (v) Fixed Rate Determination Date(s): The Dividend Determination Dates are [●] in each year
- [Insert dividend payment dates except where there are long or short periods. In these cases, insert regular dividend payment dates]*
- (vi) Other terms relating to the method of calculating dividends for Fixed Rate Instruments: [Not Applicable]
[Details]
14. Floating Rate Provisions: Not Applicable
15. Discounted Share Dividend Provisions: [Applicable – see Schedule 2]
[Not Applicable]

PROVISIONS RELATING TO REDEMPTION

16. Final Redemption Amount: [[●] per Instrument of [●] Denomination]
[See Schedule 1, Schedule 2 and Schedule 3]
17. Issuer Call Option: Not Applicable
18. Early Termination Amount:
- (i) Early Termination Amount(s) payable on redemption following (a) the occurrence of an event of default or (b) illegality or (c) following certain events in accordance with Schedule 3, and/or the method of calculating the same (if required): [●] [less the cost to the Hedging Counterparty and/or its Affiliates of unwinding or adjusting any underlying or related hedging arrangements in respect of the Instruments]
- (ii) Early Termination Amount inclusive of accrued dividends: [Yes: no additional amount in respect of accrued dividends to be paid.]
[No: together with the Early Termination Amount, accrued dividends shall be paid as an additional amount.]

19. Underlying: See Schedule 1

PROVISIONS RELATING TO SERIES ASSETS

20. (i) Collateral: [Not Applicable]

[Details]

(ii) Eligible Securities: [Not Applicable]

[Details]

(iii) Series Assets:

[Not Applicable/give details of Collateral including governing law, legal nature, expiry or maturity date, nominal amount, loan to value ratio or level of collateralisation, method of origination or creation, principal lending criteria and whether such criteria satisfied (in the case of Collateral which are loans or credit agreements), description of any relevant insurance policies and concentration within one insurer if material. Give name, address and significant business activities of originators of securitised assets and give general description of each obligor in the case of a small number of easily identifiable obligors or otherwise give description of general characteristics, economic environment and statistical data referred to in the Collateral, and, where all Collateral is comprised of the obligations of 5 or fewer obligors which are legal persons or where an obligor accounts for 20% or more (or other material portion) of the Collateral, so far as the issuer is aware and/or is able to ascertain from information published by the obligor(s) indicate either of the following: (a) information relating to each obligor as if it were an issuer drafting a Registration Document for debt and derivative securities with an individual denomination of at least EUR50,000 under the Prospectus Directive; or (b) if an obligor or guarantor has securities already admitted to trading on a regulated or equivalent market or the obligations are guaranteed by an entity admitted to trading on a regulated or equivalent market, the name, address, country of incorporation, nature of business and name of the market in which its securities are admitted. Specify

principal terms where a material relationship exists between the Issuer and Guarantor. Specify principal terms of Collateral which is not traded on a regulated or equivalent market. Where Collateral comprises equity securities that are traded on a regulated or equivalent market, give description of securities, market and frequency of pricing. Where more than 10 per cent. of Collateral comprises equity securities that are not traded on a regulated or equivalent market, give information equivalent to that contained in the schedule for share Registration Document under the Prospectus Directive. Where material portion of Collateral is secured on or backed by real property (other than mortgage loans where there has been no revaluation for the purpose of the Beneficiary Shares and it is clearly stated that valuations quoted are as at the date of the original loan origination), give valuation report relating to property setting out both valuation of the property and cash flow/income streams. Specify parameters of any investment guidelines for actively managed Collateral and give description of Collateral manager, including expertise and a summary of appointment provisions, termination provisions and details of any relationship with the Issuer. Describe method and date of sale of Collateral. Give explanation of flow of funds, how payments in respect of the assets are collected on behalf of Issuer and any other arrangements upon which payments dependent. Specify any credit enhancements and parameters (and other details) for investments temporary liquidity surpluses. Specify any subordinated debt finance]

(iv) Series Parties:

[Instrumentholders]

[Hedging Counterparty]

[Other]

The Series Parties expressly accept, and shall be deemed to be bound by, the provisions of the Securitisation Act 2004 and in particular the provisions on limited

recourse, no petition, subordination, waterfall and priority of payments as included in the General Conditions, the Base Prospectus, these Final Terms and any Supplement

21. Whether General Condition [6.3] (Security) is applicable: No
22. Replacement and/or Substitution of Collateral: Not Applicable
23. Deposit Account: [Not Applicable]
[Details]
[N.B. – if Collateral has a maturity date or may be redeemed prior to the Redemption Date, Deposit Account should be "Applicable" and account details are necessary if account is opened in the name of the Issuer; Deposit Account should also be "Applicable" if there are Eligible Securities as these might be redeemed prior to the Redemption Date.]
24. (i) Hedging Agreement: [Applicable]
[Not Applicable]
[Details]
- (ii) Hedging Counterparty: [Applicable]
[Not Applicable]
[Name and address and brief description]
25. (i) Repurchase Agreement: [Applicable]
[Not Applicable]
[Details]
- (ii) Repurchase Counterparty: [Applicable]
[Not Applicable]
[Details]
26. Security Ranking Basis: [Instrumentholder Pari Passu basis]
[Beneficiary Shareholder Priority Basis]
[Not Applicable]

27. Additional Security Document(s): [Not Applicable]
[Details]

GENERAL PROVISIONS APPLICABLE TO THE INSTRUMENTS

28. Form of Instruments: [Bearer Instruments:
[Permanent Global Instrument (if sold only to non-U.S. Persons in "offshore transactions" within the meaning of Regulation S).]

[Bearer Global Instruments deposited with the Custodian Bank on behalf of the Depository Bank and evidenced by (i) in the case of Instruments sold to non-U.S. Persons in "offshore transactions" within the meaning of Regulation S, a Reg S Global Receipt and (ii) in the case of Instruments sold in the United States, or to or for the account of U.S. Persons, a 144A Global Receipt.]]

[If Registered Instruments:
[The Instruments will be represented by a [Reg S] Global Instrument (if sold only to non-U.S. Persons in "offshore transactions" within the meaning of Regulation S).] [and/or] [Restricted Global Instrument (if sold in the United States, or to or for the account of U.S. Persons)]]

29. Additional Business Day(s) or other special provisions relating to Payment Dates: [Not Applicable]
[Details]

[Note that this item relates to the place of payment for settlement, and not the dividend period end date]

30. Settlement: Cash Settlement

31. Settlement Currency: [Details]

32. Settlement Disruption Events: [Not Applicable]
[Applicable – see Schedule 2]

33. Notices to the Issuer: [Details of delivery of notices to the Issuer]

34. Other terms or special conditions: [Not Applicable]
[Applicable - see Schedule 1, Schedule 2]

and Schedule 3]

[When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

AGENTS AND OTHER PARTIES

35. Trustee: Not Applicable
36. Principal Agent: [Deutsche Bank AG London]
[Details]
37. Agent(s): [Deutsche Bank AG London]
[Details]
38. Custodian: [Not Applicable]
[Deutsche Bank Luxembourg SA]
39. Custodian Account Details: [Not Applicable]
[[Account details] at Deutsche Bank Luxembourg SA]
40. [Paying Agent: [Deutsche Bank Luxembourg SA]]
[Relevant if the Instruments are listed and the rules of the relevant stock exchange require a paying agent in such jurisdiction]
41. [Listing Agent: Details]]
42. [Custodian Bank: Not Applicable]
43. [Depository Bank: Not Applicable]
44. [Common Depository and Specified Office: [Details]]
45. [Other Parties] *[Specify details of any providers of material forms of credit/liquidity enhancement, together with any other banks with which main accounts relating to the Series are held, giving names, addresses and a brief description] [Specify Calculation Agent, including name and address, where appropriate.]*

DISTRIBUTION

46. Application of TEFRA or TEFRA rules: [Bearer Instruments: TEFRA D restrictions not applicable unless the Bearer Instruments are deposited with the Custodian Bank on behalf of the Depository Bank in accordance with the provisions permitting an issuance to US persons within the United States]
[Registered Instruments: TEFRA D rules not applicable]
47. [Total commission and concession: [●] per cent. of the Aggregate Nominal Amount
48. Additional selling restrictions: [Not Applicable]
[Details]

MISCELLANEOUS

49. Separate Compartment: A separate compartment has been created by the board of directors of the Issuer in respect of the Instruments (the **Compartment**). The Compartment is a separate part of the Issuer's assets and liabilities. The Collateral (relating to the Instruments) is exclusively available to satisfy the rights of the holders of the Instruments (in accordance with the terms and conditions set out in these Final Terms) and the rights of the creditors whose claims have arisen at the occasion of the creation, the operation or the liquidation of the Compartment, as contemplated by articles 5.10 and 9 of the articles of incorporation of the Issuer
50. Governing Law: Luxembourg law

[LISTING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Instruments described herein pursuant to the Programme for the issuance of Debt Instruments and Beneficiary Shares of Palladium Securities 1 S.A.]

RESPONSIBILITY

[Subject as provided below, the]^{*} [The] Issuer accepts responsibility for the information contained in these Final Terms.

[[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer:

By:
Duly authorised

[The information (the **Reference Information**) on the Underlying is more particularly described in Schedule [●] to the Final Terms . The Reference Information consists only of extracts from, or summaries of, information which is publicly available. The Issuer only accepts responsibility that the Reference Information has been correctly extracted or summarised. No further or other responsibility (express or implied) in respect of the Reference Information is accepted by the Issuer.]

Underwriting

[Include name and address of entities agreeing to underwrite the issue on a firm commitment basis, and name and address of entities agreeing to place the issue without a firm commitment or under “best efforts” arrangements, where known, together with details of the relevant purchase date of the Instruments under the relevant subscription or underwriting agreement. Where not all of the issue is underwritten, a statement of the portion not covered.]

Secondary Trading

[Include name and address of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment.]

* To be deleted if the annex does not contain Reference Information as appropriate in relation to each Tranche.

PART B - OTHER INFORMATION

1. PRODUCT SPECIFIC RISK [See Schedule 4.] [Give description of structure including, if necessary, a structure diagram]

2. LISTING

(i) Listing: [Luxembourg/other (*specify*)/None]

(ii) Admission to trading: [Application has been made for the Instruments to be admitted to trading on [●] with effect from [●].] [Not Applicable.]

[N.B. The concept of admission to trading will be Not Applicable for Instruments listed on the Professional Securities Market in Luxembourg.]

[Where documenting a fungible issue need to indicate that original securities are already admitted to trading if Instruments have denomination of less than €50,000.]

(iii) Estimate of total expenses [●] related to admission to trading:

[3. NOTIFICATION

The CSSF [has been requested to provide/has provided]²⁰ the [names of competent authorities of host Member States] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.]²¹

4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Arranger, so far as the Issuer is aware, no person involved in the issue of the Instruments has an interest material to the offer.] [Give name, address and significant business activities of the administrator, calculation agent or equivalent (if any) together with a summary, if applicable, of the administrator's/calculation agent's responsibilities, their relationship with the Collateral obligor and a summary of the provisions relating to termination of the appointment of such entity / provisions for appointing an alternative].

5. ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(i) Estimated net proceeds: [●]

²⁰ Include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues.

²¹ This is relevant where the document is to be passported into other countries in the EEA.

[If reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here. If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.]

(ii) Estimated total expenses: [●]. *[Include breakdown of expenses]*

6. YIELD *(Fixed Rate Instruments only)*

Indication of yield: [●]

[Calculated as [include details of method of calculation in summary form] on the Issue Date.]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

7. HISTORIC INTEREST RATES *(Floating Rate Instruments only)*

[Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Telerate].]

8. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS

[Need to include details of where past and future performance and volatility of the index/formula can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. Where return on, and or repayment of the security is linked to the performance or credit of other assets which are not assets of the Issuer, specify as follows: Give details of relevant assets including governing law, legal nature, expiry or maturity date, nominal amount, loan to value ratio or level of collateralisation, method of origination or creation, principal lending criteria and whether such criteria satisfied (in the case of relevant assets which are loans or credit agreements), description of any relevant insurance policies and concentration within one insurer if material. Give name, address and significant business activities of originators of securitised assets and give general description of each obligor in the case of a small number of easily identifiable obligors or otherwise give description of general characteristics, economic environment and statistical data referred to in the relevant assets, and, where all relevant assets are comprised of the obligations of 5 or fewer obligors which are legal persons or where an obligor accounts for 20% or more (or other material portion) of the relevant assets, so far as the issuer is aware and/or is able to ascertain from information published by the obligor(s) indicate either of the following: (a) information relating to each obligor as if it were an issuer drafting a Registration Document for debt and derivative securities with an individual denomination of at least EUR50,000 under the Prospectus Directive; or (b)

if an obligor or guarantor has securities already admitted to trading on a regulated or equivalent market or the obligations are guaranteed by an entity admitted to trading on a regulated or equivalent market, the name, address, country of incorporation, nature of business and name of the market in which its securities are admitted. Specify principal terms where a material relationship exists between the Issuer and Guarantor. Specify principal terms of relevant assets which are not traded on a regulated or equivalent market. Where relevant assets comprise equity securities that are traded on a regulated or equivalent market, give description of securities, market and frequency of pricing. Where more than 10 per cent. of relevant assets comprise equity securities that are not traded on a regulated or equivalent market, give information equivalent to that contained in the schedule for share Registration Document under the Prospectus Directive. Where material portion of relevant assets are secured on or backed by real property (other than mortgage loans where there has been no revaluation for the purpose of the Debt Instruments and it is clearly stated that valuations quoted are as at the date of the original loan origination), give valuation report relating to property setting out both valuation of the property and cash flow/income streams. Specify parameters of any investment guidelines for actively managed assets and give description of Collateral manager, including expertise and a summary of appointment provisions, termination provisions and details of any relationship with the Issuer. Specify any rights to substitute the assets and a description of the manner in which and the type of assets which may be so substituted. If there is any capacity to substitute assets with a different class or quality of assets specify to that effect together with a description of the impact of such substitution. Describe method and date of sale of relevant assets. Give explanation of flow of funds, how payments in respect of the assets are collected on behalf of Issuer and any other arrangements upon which payments dependent. Specify any credit enhancements and parameters (and other details) for investments temporary liquidity surpluses. Specify any subordinated debt finance]

9. OPERATIONAL INFORMATION

- (i) ISIN Code: [●]
- (ii) Common Code: [●]
- (iii) Clearing Agent: [Euroclear Bank S.A./N.V.] [and/or]
[Clearstream Banking AG in Frankfurt am Main]] [and/or]
[The Depositary Trust Company]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of [●]
additional Paying Agent(s) (if
any):

10. TERMS AND CONDITIONS OF THE OFFER

[Include, as applicable: (i) Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks and if reasons for the offer and use of proceeds are disclosed provide the total net proceeds and an estimate of the total expenses of the

issue/offer; (ii) Conditions, offer statistics, expected timetable and action required to apply for the offer, including minimum and/or maximum subscription amounts (in number of Instruments or in the Aggregate Nominal Amount of the Instruments); possibility of reducing subscriptions (and manner for refunding excess paid if applicable); and procedure for exercise of any pre-emption rights, negotiability of subscription rights and treatment of subscription rights not exercised; (iii) Total amount of the issue/offer; if the amount is not fixed, description of the arrangements and time for announcing to the public the amount of the offer; (iv) the time period, including any possible amendments, during which the offer will be open and description of the application process; (v) method and time limits for paying up the Instruments and for delivery of the Instruments; (vi) a full description of the manner and date in which results of the offer are to be made public; (vii) the various categories of potential investors to which the Instruments are offered and if the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche; and (viii) the process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made.]

SCHEDULE 1 TO THE FINAL TERMS

DETAILS OF THE UNDERLYING

IF THE UNDERLYING CONSISTS OF A BASKET INSERT THE FOLLOWING:

The **Underlying** relating to the Instruments is a Basket (as defined below) comprised of the following

- [details - Shares]
- [details - Fund Shares]
- [details - Indices]
- [[details - Commodities]]
- [details - Underlying Currencies]
- [details - specify], as applicable.]

[IF THERE IS A SINGLE UNDERLYING INSERT THE FOLLOWING:

The **Underlying** relating to the Instruments consists of [insert details with respect to each] [Shares][Fund Shares][Indices][Commodities][Underlying Currencies][other – specify]

[[IF THE UNDERLYING INCLUDES A SHARE OR SHARES (INCLUDING, WITHOUT LIMITATION, WITHIN A BASKET), INSERT THE FOLLOWING:

1. The Share or Shares means the following:

Type of Underlying	Name of Underlying	Issuer of Share	Reference Source
Share	[●]	[●]	[●]

2. Definitions relating to the Share(s):

Reference Currency is as defined in Schedule 2 or, if not, then the Settlement Currency;

Reference Source means the reference source or reference sources specified in the table describing the Share or Shares in paragraph 1 above, or any successor to such reference source, all as determined by the Calculation Agent;

Share means the or, as the case may be, each share specified in the definition of "Underlying" or "Basket", as the case may be; and

Share Company means, with respect to a Share, the issuer specified for such Share in the definition of "Underlying" or "Basket", as the case may be.]

[[IF THE UNDERLYING INCLUDES A FUND SHARE OR FUND SHARES (INCLUDING, WITHOUT LIMITATION, WITHIN A BASKET), INSERT THE FOLLOWING:

1. The Fund Share or Fund Shares means the following:

Type of Underlying	Name of Underlying	Issuer of Fund Share	Reference Source
Fund Share	[●]	[●]	[●]

2. Definitions relating to the Fund Share(s):

Administrator means, in relation to a Fund, any entity described as such in relation to the Fund in any Fund Information Document or which provides administrative, book-keeping or similar services (however described) to the Fund, all as determined by the Calculation Agent;

Fund means, with respect to a Fund Share, the issuer specified for such Fund Share in the definition of "Underlying" or "Basket", as the case may be;

Fund Information Document means, in relation to a Fund and a Fund Share, any offering circular, prospectus, information memorandum or similar document relating to the Fund and/or Fund Share (including any document supplementing, amending or restating the same), all as determined by the Calculation Agent;

Fund Share means the (or, as the case may be, each) share specified in the definition of "Underlying" or "Basket", as the case may be;

Inclusion Date means, in relation to a Fund which is a Fund as of the Issue Date, the Issue Date, or, in relation to any other Fund, the date that such Fund became a Fund for the purposes of the Instruments;

Manager means, in relation to a Fund, any entity described as such in relation to the Fund in any relevant Fund Information Document or which provides investment, managerial, broking or arrangement or similar services (however described) to the Fund, all as determined by the Calculation Agent;

Master Fund means, in relation to a Fund, any entity described as such in relation to the Fund in any relevant Fund Information Document or which acts as a master fund, feeder fund or umbrella fund or similar entity (however described) in relation to the Fund, all as determined by the Calculation Agent;

Reference Currency is as defined in Schedule 2 or, if not, then the Settlement Currency; and

Reference Source means the reference source or reference sources specified in the table describing the Fund Share or Fund Shares in paragraph 1 above, or any successor to such reference source, all as determined by the Calculation Agent.

[IF THE UNDERLYING INCLUDES A BASKET, INSERT THE FOLLOWING:]

1. The **Basket** comprises the assets set out in the following table:

Type of Basket Constituent	Name of Basket Constituent	Basket Constituent Percentage Weight	Reference Level determination	Sponsor or Issuer of Basket Constituent	Basket Constituent Currency	Reference Source
[●]	[●]	[●]%	[Closing/specify other]	[●]	[●]	[●]
[●]	[●]	[●]%	[Closing/specify other]	[●]	[●]	[●]
[●]	[●]	[●]%	[Closing/specify other]	[●]	[●]	[●]
[●]	[●]	[●]%	[Closing/specify other]	[●]	[●]	[●]
[●]	[●]	[●]%	[Closing/specify other]	[●]	[●]	[●]
[●]	[●]	[●]%	[Closing/specify other]	[●]	[●]	[●]

2. Definitions relating to the Basket

Basket means a basket of assets as set out in paragraph 1 above;

Basket Constituent means each of the assets in the definition of "Basket" in paragraph 1 above, subject to adjustment in accordance with paragraph 2 below;

Basket Constituent Currency is as defined in Schedule 2 or, if not defined in Schedule 2, is the Settlement Currency;

Basket Constituent Level means in respect of any day, subject to paragraph 2 below, an amount equal to the level of the Basket Constituent determined in the manner as defined in the column "Reference Level determination" in the definition of "Basket" in paragraph 1 above, all as determined by the Calculation Agent;

Basket Constituent Weight means in relation to each Basket Constituent and subject to adjustment in accordance with paragraph 2 below, a number equal to the quotient of:

- 7) the relevant Basket Constituent Percentage Weight (as numerator); and
- 8) the Basket Constituent Level on the Initial Reference Valuation Date or, if such day is not a Trading Day, the first succeeding Trading Day (as denominator);

Basket Constituent Percentage Weight means, in relation to each Basket Constituent, a number as defined for such Basket Constituent in the column "Basket Constituent Percentage Weight" in the definition of "Basket" in paragraph 1 above;

Reference Currency is defined in Schedule 2 or, if not, then the Settlement Currency;

Reference Source means the reference source or reference sources specified in the table under the definition of "Basket" in the definition of "Basket" in Schedule 1, or any successor to such reference source, all as determined by the Calculation Agent.

[IF THE UNDERLYING INCLUDES A COMMODITY OR COMMODITIES (INCLUDING, WITHOUT LIMITATION, WITHIN A BASKET), INSERT THE FOLLOWING:

1. The Commodity or Commodities means the following:

Type of Underlying	Name of Underlying	Issuer of Underlying	Reference Source
Commodity	[●]	[●/Not applicable]	[●]

2. Definitions relating to the Commodity(ies):

Commodity means the (or, as the case may be, each) commodity specified in the definition of "Underlying" or "Basket", as the case may be;

Reference Currency is as defined in Schedule 2 or, if not, then the Settlement Currency; and

Reference Source means the reference source or reference sources specified in the table describing the Commodity or Commodities in paragraph 1 above, or any successor to such reference source, all as determined by the Calculation Agent.

[IF THE UNDERLYING INCLUDES A FOREIGN EXCHANGE RATE OR FOREIGN EXCHANGE RATES (INCLUDING, WITHOUT LIMITATION, WITHIN A BASKET), INSERT THE FOLLOWING:

1. The Foreign Exchange Rate means the following:

Type of Underlying	First Currency	Second Currency	Issuer of Underlying	Reference Source
Foreign Exchange Rate	[●]	[●]	Not applicable	[●]

2. Definitions relating to the Foreign Exchange Rate(s):

First Currency means the currency appearing under the heading "First Currency" in paragraph 1 above;

Rate of Exchange means the or, as the case may be, each rate of exchange between a pair of currencies as specified under "Foreign Exchange Rate" in the definition of "Underlying" or "Basket", as the case may be;

Reference Currency is as defined in Schedule 2 or, if not, then the Settlement Currency;

Reference Source means the reference source or reference sources specified in the table describing the Foreign Exchange Rate in paragraph 1 above, or any successor to such reference source, all as determined by the Calculation Agent and

Second Currency means the second currency appearing under the heading "Second Currency" in paragraph 1 above.]

[Specify, in the case of each relevant type of Underlying outlined in this Schedule 1, where information on the relevant Underlying can be obtained, where information about the past and the further performance of the Underlying and its volatility can be obtained, (where the Underlying is a security) the name of the issuer of the security, the ISIN or other such security identification code; (where the Underlying is an index) the name of the index and a description of the index if it is composed by the issuer; (where the index is not composed by the Issuer) where information about the index can be obtained; (where the Underlying is an interest rate) a description of the interest rate; where the Underlying does not fall within the categories specified above, specify equivalent information; and (where the underlying is a basket of underlyings) give disclosure of the relevant weightings of each underlying in the basket]

SCHEDULE 2 TO THE FINAL TERMS

REDEMPTION AND DIVIDENDS

(A) REDEMPTION

The Issuer will pay or cause to be paid, on the Redemption Date, the Final Redemption Amount in respect of each Instrument in the Settlement Currency in accordance with the Articles.

[IF THE DEFINITION OF "UNDERLYING" OR "BASKET" IN SCHEDULE 1 INCLUDES [A SHARE OR SHARES][A FUND SHARE OR FUND SHARES][A COMMODITY OR COMMODITIES][AN INDEX OR INDICES][A FOREIGN EXCHANGE RATE OR RATES] INSERT THIS SECTION:

1. Definitions

Affiliate means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein **control** means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and **controlled by** and **controls** shall be construed accordingly;

Dividend Rate means the Fixed Rate as defined in paragraph 14(i) of these Final Terms;

[INSERT ONE OF THE FOLLOWING:

[Final Redemption Amount means, with respect to each Instrument, an amount determined by the Calculation Agent as follows:

$$NA + NA \times \left[\bullet\% + PF \times \text{Max} \left(\left(\frac{\text{Final Reference Level} - \text{Initial Reference Level}}{\text{Initial Reference Level}} \right); 0\% \right) \right],$$

provided that the Final Redemption Amount shall not be less than [zero] [●] [or greater than [●]]. The Final Redemption Amount will be rounded to the nearest [two decimal places] [whole unit] in the Settlement Currency, [0.005] [half a unit] being rounded downwards where PF is the Participation Factor and NA is the Nominal Amount of an Instrument.]

[Final Redemption Amount means, with respect to each Instrument, an amount determined by the Calculation Agent as follows:

Final Reference Level x Multiplier,

provided that the Final Redemption Amount shall not be less than [zero] [●] [or greater than [●]]. The Final Redemption Amount will be rounded to the nearest [two decimal places] [whole unit] in the Settlement Currency, [0.005] [half a unit] being rounded downwards.]

Final Reference Level means, subject to the adjustment provisions in Schedule 3 and as provided in the definition of "Valuation Date", an amount equal to the Reference Levels on the [last occurring] Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction(s);

Initial Reference Level means, subject to the adjustment provisions in Schedule 3 and as provided in the definition of "Initial Reference Valuation Date", an amount equal to the Reference Level on the Initial Reference Valuation Date as determined by the Calculation Agent and without regard to any subsequently published correction;

[IF THE INITIAL REFERENCE LEVEL IS DETERMINED ON ONE SINGLE DAY INSERT:

Initial Reference Valuation Date means [*specify date*] [●] or, if such day is not a Trading Day, the next following Trading Day] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Initial Reference Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the [eighth] [●] Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Initial Reference Valuation Date, then (A) that [eighth] [●] Trading Day shall be deemed to be the Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for the Initial Reference Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that [eighth] [●] Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

[IF THE INITIAL REFERENCE LEVEL IS DETERMINED ON SEVERAL CONSECUTIVE DAYS INSERT:

Initial Reference Valuation Date [*specify date*] [●] [or, if any such day is not a Trading Day, the next following Trading Day on which another Initial Reference Valuation Date does not occur] unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then that Initial Reference Valuation Date shall be the first succeeding Initial Reference Valid Date. If the first succeeding Initial Reference Valid Date has not occurred by the [eighth] [●] Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been that Initial Reference Valuation Date, then (A) that [eighth] [●] Trading Day shall be deemed to be that Initial Reference Valuation Date and (B) the Calculation Agent shall determine the Reference Level for that Initial Reference Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that [eighth] [●] Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;]

[IF THE INITIAL REFERENCE LEVEL IS DETERMINED ON SEVERAL (1) CONSECUTIVE DAYS OR (2) NON-CONSECUTIVE DAYS AND THE FREQUENCY OF WHICH IS WEEKLY INSERT:

Initial Reference Valid Date means a Trading Day on which there is no Market Disruption Event and on which another Initial Reference Valuation Date does not or is not deemed to occur;]]

Market Disruption Event means each event specified to be a Market Disruption Event in the adjustment provisions in Schedule 3;

Multiplier means [●];

Participation Factor means [100] per cent., subject to adjustment in accordance with the adjustment provisions in Schedule 3;

[IF THE SETTLEMENT CURRENCY IS NOT THE SAME AS THE REFERENCE CURRENCY AND IF THE SECURITY IS NOT A QUANTO SECURITY INSERT

Reference Currency means [●][the lawful currency of ●];]

[IF THERE IS A SINGLE "UNDERLYING" INSERT:]

Reference Level means, in respect of any day, subject to the adjustment provisions in Schedule 3, an amount (which shall be deemed to be a monetary value in the Reference Currency) determined by the Calculation Agent equal to the [●] [official closing] [price] of the Underlying [[quoted by] [published on] [●] [the Reference Source]] at [*specify time*] [the Relevant Time] on such day;

[IF THE "UNDERLYING" IS A "BASKET" INSERT:]

Reference Level means, in respect of any day, subject to the adjustment provisions in Schedule 3, an amount (which shall be deemed to be a monetary value in the Reference Currency) determined by the Calculation Agent equal to the sum of the products for each Basket Constituent of:

1. the Basket Constituent Level for each Basket Constituent on such day or, if such day is not a Trading Day, the first succeeding Trading Day; and
2. the Basket Constituent Weight of each Basket Constituent on such day

As a formula:

$$\text{Reference Level}_t = \sum_i^n P_{i,t} \times BCW_{i,t}$$

where:

- | | | |
|-------------|---|---|
| n | = | number of Basket Constituents in the Basket |
| $P_{i,t}$ | = | the Basket Constituent Level <i>i</i> on day <i>t</i> |
| $BCW_{i,t}$ | = | Basket Constituent Weight <i>i</i> on day <i>t</i> ; |

Trading Day means any day that is (or, but for the occurrence of a Market Disruption Event, would have been) a trading day for each Reference Source, provided that trading day shall mean

[IF ANY REFERENCE SOURCE IS AN EXCHANGE, TRADING SYSTEM OR QUOTATION SYSTEM INSERT:]

[for any Reference Source which is an exchange, a trading system or a quotation system,] any day on which such Reference Source is open for trading other than a day on which trading on such Reference Source is scheduled to close prior to its regular weekday closing time;]

[IF ANY REFERENCE SOURCE IS NOT AN EXCHANGE, TRADING SYSTEM OR QUOTATION SYSTEM INSERT:]

[for any Reference Source which is not an exchange, a trading system or a quotation system,] [any Business Day other than a day on which commercial banks and foreign exchange markets are closed in the country where the Reference Source is located] [●];]

Underlying means the Share specified in the definition of "Underlying" in Schedule 1; and

Valuation Date means the [●] Trading Day of each [month/*specify other*] from and including [*specify month and year*] to and including [*specify month and year*] or, if any such day is not

a Trading Day, the next following Trading Day (being in total [●] Valuation Dates), unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on any such day. If there is a Market Disruption Event on any such day, then the relevant Valuation Date shall be the [first succeeding] Trading Day on which there is no Market Disruption Event, unless there is a Market Disruption Event occurring on each of the [eight] Trading Days immediately following the original date which (but for the Market Disruption Event) would have been that Valuation Date. In that case then (A) the [eighth] Trading Day shall be deemed to be the Valuation Date (notwithstanding the Market Disruption Event) and (B) the Calculation Agent shall determine the Reference Level for the Valuation Date as of that [eighth] Trading Day that would have prevailed but for the occurrence of a Market Disruption Event having regard to the then prevailing market conditions and such other factors as the Calculation Agent considers relevant.]

(B) DIVIDENDS

[IF THE INSTRUMENTS DO NOT PAY DIVIDENDS:]

DIVIDENDS

The Instruments do not pay dividends. For the avoidance of doubt, any references to payments of dividends in these Final Terms shall be deemed not to apply.]

[IF THE INSTRUMENTS PAY DIVIDENDS:]

1. DIVIDEND PAYMENTS

The Issuer will pay or cause to be paid, on each Dividend Payment Date, the relevant Dividend Amount in respect of each Instrument in the Settlement Currency in accordance with the Articles.

2. DIVIDEND CALCULATIONS

(A) The dividend payable in respect of any Instrument for any period other than a Dividend Period, shall be calculated by multiplying the product of the Dividend Rate and the Nominal Amount of such Instrument on the first day of such period by the Day Count Fraction, unless a Dividend Amount (or a formula for its calculation) is specified in paragraph 4 (Definitions) below in respect of such period, in which case the dividend payable in respect of such Nominal Amount for such period will be equal to such Dividend Amount (or be calculated in accordance with such formula).

[INSERT FOR INSTRUMENTS WHERE THE DIVIDEND RATE IS DETERMINED BY THE CALCULATION AGENT:]

(B) As soon as practicable after the Relevant Time on each Dividend Determination Date or such other time on such date as the Calculation Agent may be required to obtain any quotation or make any determination or calculation, the Calculation Agent will determine the Dividend Rate and calculate the Dividend Amounts in respect of the Nominal Amount of each Instrument for the relevant Dividend Period, obtain such quotation or make such determination or calculation, as the case may be, and cause the Dividend Rate and the Dividend Amounts for each Dividend Period and the relevant Dividend Payment Date to be notified to the Issuer, the Principal Agent, each of the Paying Agents, the Instrumentholders and, for so long as

the Instruments are listed on a stock exchange and the rules of such stock exchange require, such stock exchange, as soon as possible after their determination but in no event later than (i) (except in the case of notices to the Instrumentholders) the commencement of the relevant Dividend Period, if determined prior to such time, in the case of a Dividend Rate, Dividend Payment Date and Dividend Amount, or (ii) in all other cases, the fourth Business Day after such determination. The Dividend Amounts and the Dividend Payment Date so notified may subsequently be amended without notice in the event of an extension or shortening of the Dividend Period.]

3. DEFINITIONS

Banking Day means [●];

[IF THE DIVIDEND AMOUNT IS TO BE DETERMINED WITHOUT REFERENCE TO DIVIDEND PERIODS INSERT:

Dividend Amount means, in respect of each Nominal Amount, an amount calculated by the Calculation Agent as follows:

Nominal Value x Dividend Rate, being [Currency] [Amount]];

Dividend Determination Date means, with respect to a Dividend Period, (i) if the Settlement Currency is sterling, the first day of such Dividend Period; and (ii) in all other cases, the day falling two Banking Days prior to the first day of such Dividend Period.]

Dividend Payment Date has the meaning described in Paragraph 14 (ii) of these Final Terms;

[IF THE DIVIDEND AMOUNT IS TO BE DETERMINED ON THE BASIS OF DIVIDEND PERIODS:

Dividend Period means the period commencing on (and including) [●] [the [●] Business Day succeeding the Primary Market End Date] to (but excluding) the first Dividend Payment Date and each period commencing on (and including) a Dividend Payment Date to (but excluding) the next following Dividend Payment Date and, if a dividend is required to be calculated for a period ending other than on (but excluding) the relevant Dividend Payment Date, the period commencing on (and including) the most recent Dividend Payment Date (or if none the Primary Market End Date) to (but excluding) the relevant payment date;]

[IF THE DIVIDEND AMOUNT IS TO BE DETERMINED WITHOUT REFERENCE TO MULTIPLE DIVIDEND PERIODS INSERT

Dividend Period means the period commencing on (and including) [●] [the [●] Business Day succeeding the Primary Market End Date] to (but excluding) the Dividend Payment Date and, if a dividend is required to be calculated for a period ending other than on (but excluding) a Dividend Payment Date, the period commencing on (and including) [●] [the [●] Business Day succeeding the Primary Market End Date] to (but excluding) the relevant payment date;]

Dividend Rate is as defined in paragraph 14(i) of these Final Terms;

Effective Date means, with respect to any Dividend Rate to be determined on a Dividend Determination Date, [specify date] [the first day of the Dividend Period to which such Dividend Determination Date relates];

Euro-zone means the region comprising the member states of the European Union that adopt the euro as their lawful currency in accordance with the Treaty establishing the European Community, as amended by the Treaty of European Union as amended by the Treaty of Amsterdam but excluding those members states acceded in the European Union after May 2004

Principal Financial Centre means the principal financial centre of the country of the Settlement Currency or, if the Settlement Currency is euro, in the ;

Relevant Time means, with respect to any Dividend Determination Date, (i) where the Principal Financial Centre is the Euro-zone [●] [a.m./p.m.], Central European Time and (ii) in all other cases, the time at which it is customary to determine bid and offered rates in respect of deposits in the Settlement Currency in the interbank market in the Principal Financial Centre as determined by the Calculation Agent;

SCHEDULE 3 TO THE FINAL TERMS

ADJUSTMENTS

[DRAFTING NOTE - The type of Underlying as specified in Schedule 1 will determine which of the following adjustment provisions should apply to the Instruments.]

[IF THE DEFINITION OF "UNDERLYING" OR "BASKET" IN SCHEDULE 1 INCLUDES A SHARE OR SHARES, INSERT THIS SECTION:]

1. *Shares*

[IF MORE THAN ONE TYPE OF UNDERLYING OR BASKET CONSTITUENT IS SET OUT IN THE DEFINITION OF "BASKET" OR "INSTRUMENTS" (A) THE SECTIONS IN THIS SCHEDULE 3 WILL NEED TO BE RENUMBERED APPROPRIATELY AND (B) THE FOLLOWING SHOULD BE INSERTED:]

This paragraph 1 and the definitions herein shall only apply in relation to any Share or Shares specified in Schedule 1 in the column headed "Type of Basket Constituent" in the definition of "Basket", or in the column headed "Type of Underlying" in the definition of "Instruments", as the case may be. For any Underlying other than a Share or Shares which are specified in such column, other sections of this paragraph 1, if and to the extent applicable, and the definitions therein shall apply.]

2. *Definitions:*

Affiliate is as defined in Schedule 2;

Other Exchange means, with respect to a Share, each exchange, trading system or quotation system other than the Reference Source on which such Share is listed, traded or quoted;

Reference Currency is as defined in Schedule 2 or, if not defined in Schedule 2, is the Settlement Currency;

Reference Level is as defined in Schedule 2;

Reference Source is as defined in Schedule 1;

Related Exchange means, unless otherwise defined in Schedule 1, with respect to a Share, any exchange, trading system or quotation system on which options contracts or futures contracts on such Share are traded as determined by the Calculation Agent;

Relevant Country means, each of

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency or the Settlement Currency is the legal tender or currency; and
- (ii) any country (or any political or regulatory authority thereof) with which a Share or the related Share Company has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to the

country in which the Share Company is incorporated and/or such other factor(s) as it may deem appropriate,

all as determined by the Calculation Agent.

Relevant Time means, with respect to any Share, the relevant time by reference to which the Calculation Agent determines the price or value of such Share for the purposes of determining the Reference Level;

Settlement Currency is as defined in paragraph 33 in the table at the beginning of these Final Terms;

Share means the or, as the case may be, each share specified in the definition of "Underlying", "Instruments" or "Basket", as the case may be, in Schedule 1; and

Share Company means, with respect to a Share, the issuer specified for such Share in the definition of "Underlying", "Instruments" or "Basket", as the case may be, in Schedule 1.

3. *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with Article 8.11 if a Market Disruption Event has occurred on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by this paragraph 3 to determine the price or value of a Share.

Market Disruption Event means:

[IF THE REFERENCE SOURCE FOR ANY SHARE IS AN EXCHANGE, A TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING TWO LINES IF SECTION (II) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

(i) where the Reference Source for any Share is an exchange, a trading system or a quotation system as determined by the Calculation Agent,]

(a) the occurrence or existence on any Trading Day at the Relevant Time for such Share or at any time during the one hour period that ends at the Relevant Time for such Share:

(i) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits permitted by the relevant Reference Source or any Related Exchange or otherwise):

(A) of the Share on the Reference Source or any Other Exchange; or

(B) in options contracts or futures contracts relating to the Share on any Related Exchange; or

(ii) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in

general to effect transactions in relation to or to obtain market values for the Share on the relevant Reference Source or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to such Share on any Related Exchange; or

- (b) the closure on any Trading Day of the Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour prior to (i) the actual closing time for the regular trading session on such Reference Source or such Related Exchange on such Trading Day or, if earlier, (ii) the submission deadline (if applicable) for orders to be entered into the Reference Source or such Related Exchange system for execution at the Relevant Time on such Trading Day. A **Scheduled Closing Time** is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or
- (c) a general moratorium is declared in respect of banking activities in any Relevant Country; [or]

[INSERT IF THE REFERENCE SOURCE FOR ANY SHARE IS LOCATED IN AN EMERGING MARKET COUNTRY:]

- (d) where the Reference Currency is different from the Settlement Currency, the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer and/or any of its Affiliates from:
 - (i) converting the Reference Currency into the Settlement Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
 - (ii) converting the Reference Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
 - (iii) delivering the Reference Currency or Settlement Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
 - (iv) transferring the Reference Currency or Settlement Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country; [or]]
- (e) a Relevant Country (i) imposes any controls or announces its intention to impose any controls or (ii) (A) implements or announces its intention to implement or (B) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer and/or any of its Affiliates'

ability to acquire, hold, transfer or realise or otherwise to effect transactions in relation to such Share,]]

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments[; and/.]

[IF THE REFERENCE SOURCE FOR ANY SHARE IS NOT AN EXCHANGE OR TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING TWO LINES IF SECTION (I) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- (ii) where the Reference Source for any Share is not an exchange, a trading system or a quotation system as determined by the Calculation Agent,
 - (a) it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of such Share by reference to such Reference Source in the manner specified in the definition of "Reference Level" in Schedule 2 or in "Information relating to the Underlying" attached in Schedule ● to the Final Terms , or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise); or
 - (b) *[if section (i) is included above, insert: any event occurs as described in 3(i)(c) [Insert if the Reference Source for any Share is located in an Emerging Market Country:, 3(i)(d) and/or 3(i)(e)] above in relation to such Share,] OR [if section (i) is not included above, insert 3(i)(c), 3(i)(d) and 3(i)(e) here renumbered as 3(i)(a), 3(i)(b) and 3(i)(c) respectively]*

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments.

4. Potential Adjustment Events

Following the declaration by a Share Company of the terms of any Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the relevant Share and, if so, will (1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that dilutive or concentrative or other effect; and (2) determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by a Related Exchange to options contracts or futures contracts on the relevant Share traded on that Related Exchange.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with Article 8.11, stating the

adjustment made to the Conditions and giving brief details of the Potential Adjustment Event.

Potential Adjustment Event means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Shares (unless it has resulted in a Merger Event) or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution, issue or dividend to existing holders of the relevant Shares of (A) such Shares, or (B) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Share Company equally or proportionately with such payments to holders of such Shares, or (C) share capital or other securities of another issuer as a result of a "spin-off" or other similar transaction, or (D) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or in other consideration) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an extraordinary dividend;
- (iv) a call by the Share Company in respect of relevant Shares that are not fully paid;
- (v) a repurchase by or on behalf of the Share Company or any of its subsidiaries of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) in respect of a Share Company, an event that results in any shareholder rights being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Share Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent;
- (vii) any redemption of shareholder rights referred to in (vi) above; and
- (viii) any other event that may have a diluting or concentrative or other effect on the theoretical value of the relevant Shares.

5. *Merger Event, Tender Offer, De-Listing, Nationalisation and Insolvency*

If a Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency occurs in relation to relevant Shares and/or the relevant Share Company, as the case may be, the Issuer may take any action described in 5(a), 5(b) or 5(c) below:

- (a) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment.

The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency made by an options exchange to options on the Share traded on that options exchange; or

- (b) cancel the Instruments by giving notice to Instrumentholders in accordance with Article 8.11. If the Instruments are so cancelled, the Issuer will pay an amount to each Instrumentholder in respect of each Instrument held by such Instrumentholder which amount shall be the fair market value of a Instrument taking into account the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Instrumentholders in accordance with Article 8.11; or
- (c) following any adjustment to the settlement terms of options on the Shares traded on such exchange(s) or trading system(s) or quotation system(s) as the Calculation Agent in its reasonable discretion shall select (the **Options Reference Source**) require the Calculation Agent to make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Reference Source. If options on the Shares are not traded on the Options Reference Source, the Calculation Agent will make such adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate, with reference to the rules and precedents (if any) set by the Options Reference Source, to account for the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Reference Source if such options were so traded.

Upon the occurrence of a Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with Article 8.11 stating the occurrence of the Merger Event, Tender Offer, De-Listing, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. However, Instrumentholders should be aware that there may necessarily be some delay between the time at which any of the above events occurs and the time at which it is reported to Instrumentholders.

De-Listing means, for any Share for which the Reference Source is an exchange or a trading system or a quotation system, the Reference Source announces that pursuant to the rules of such Reference Source, such Share ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason (other than a Merger Event or Tender Offer) and is not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Calculation Agent;

Insolvency means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding

affecting a Share Company (A) all the Shares of that Share Company are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Shares of that Share Company become legally prohibited from transferring them;

Merger Date means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent;

Merger Event means, in respect of any relevant Shares, any (A) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person, (B) consolidation, amalgamation, merger or binding share exchange of a Share Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Share Company is the continuing entity and which does not result in reclassification or change of all of such Shares outstanding), (C) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Shares of the Share Company that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person), or (D) consolidation, amalgamation, merger or binding share exchange of the Share Company or its subsidiaries with or into another entity in which the Share Company is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Shares immediately following such event, in each case if the Merger Date is on or before the Valuation Date or, if there is more than one Valuation Date, the final Valuation Date;

Nationalisation means that all the Shares or all or substantially all of the assets of a Share Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof; and

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

[IF THE DEFINITION OF "UNDERLYING" OR "BASKET" IN SCHEDULE 1 INCLUDES A FUND SHARE OR FUND SHARES, INSERT THIS SECTION:

1. *Fund Shares*

[If more than one Type of Underlying or Basket Constituent is set out in the definition of "Basket" or "Instruments" (a) the sections in this Schedule 3 will need to be renumbered appropriately and (b) the following should be inserted:

This paragraph 1 and the definitions herein shall only apply in relation to any Fund Share or Fund Shares specified in Schedule 1 in the column headed "Type of Basket Constituent" in the definition of "Basket", or in the column headed "Type of

Underlying" in the definition of "Instruments", as the case may be. For any Underlying other than a Fund Share or Fund Shares which are specified in such column, other sections of this paragraph 1, if and to the extent applicable, and the definitions therein shall apply.]

2. *Definitions:*

Affiliate is as defined in Schedule 2;

Net Asset Value means, in relation to a Fund Share, the net asset value or other equivalent value for such Fund Share as determined by the Calculation Agent;

Other Exchange means, with respect to a Fund Share, each exchange, trading system or quotation system other than the Reference Source on which such Fund Share is listed, traded or quoted;

Realisation Date means, for the purposes of substituting any Fund Share pursuant to paragraph 4:

[insert one of the following options]

- (i) the [fifth] Trading Day following the Substitution Determination Date or, if earlier,
- (ii) the [*Insert number*] Trading Day prior to any date falling [on or] after the Substitution Determination Date on which the Calculation Agent would be required by the Conditions to determine the price or value of such Fund Shares;]

/OR:

[the earliest of

- (i) the date on which the Calculation Agent determines that a market counterparty holding the Fund Shares to be substituted (including the Issuer or any Affiliate, if applicable) would be able to reasonably liquidate, redeem or otherwise dispose of such Fund Shares;
- (ii) the date falling one year after the Substitution Determination Date; and
- (iii) the [*Insert number*] Trading Day prior to any date falling [on or] after the Substitution Determination Date on which the Calculation Agent would be required by the Conditions to determine the price or value of such Fund Shares;]

Reference Currency is as defined in Schedule 2 or, if not defined in Schedule 2, is the Settlement Currency;

Reference Level is as defined in Schedule 2;

Reference Source is as defined in Schedule 1;

Related Exchange means, unless otherwise defined in Schedule 1, with respect to a Fund Share, any exchange, trading system or quotation system on which options

contracts or futures contracts on such Fund Share are traded as determined by the Calculation Agent;

Relevant Country means each of

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency or the Settlement Currency is the legal tender or currency; and
- (ii) any country (or any political or regulatory authority thereof) with which a Fund Share or the related Fund has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to the country in which the Fund is incorporated or organised and/or such other factor(s) as it may deem appropriate,

all as determined by the Calculation Agent;

Relevant Time means, with respect to any Fund Share, the relevant time by reference to which the Calculation Agent determines the price or value of such Fund Share for the purposes of determining the Reference Level;

Settlement Currency is as defined in paragraph 33 of the table at the beginning of these Final Terms; and

Substitution Determination Date is as defined in paragraph 4(c) below.

3. *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with Article 8.11 if a Market Disruption Event has occurred on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by the Conditions to determine the price or value of a Fund Share.

Market Disruption Event means:

[IF THE REFERENCE SOURCE FOR ANY FUND SHARE IS AN EXCHANGE, A TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING TWO LINES IF SECTION (II) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- (i) where the Reference Source for any Fund Share is an exchange, a trading system or a quotation system as determined by the Calculation Agent,
 - (a) the occurrence or existence on any Trading Day at the Relevant Time for such Fund Share or at any time during the one hour period that ends at the Relevant Time for such Fund Share:
 - (i) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits permitted by the relevant Reference Source or any Related Exchange or otherwise):
 - (A) of Fund Share on the Reference Source or any Other Exchange; or

- (B) in options contracts or futures contracts relating to the Fund Share on any Related Exchange; or
 - (ii) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in relation to or to obtain market values for the Fund Share on the relevant Reference Source or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to such Fund Share on any Related Exchange; or
- (b) the closure on any Trading Day of the Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour prior to (i) the actual closing time for the regular trading session on such Reference Source or such Related Exchange on such Trading Day or, if earlier, (ii) the submission deadline (if applicable) for orders to be entered into the Reference Source or such Related Exchange system for execution at the Relevant Time on such Trading Day. A **Scheduled Closing Time** is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or
- (c) a general moratorium is declared in respect of banking activities in any Relevant Country; [or]

[INSERT IF THE REFERENCE SOURCE FOR ANY FUND SHARE IS LOCATED IN AN EMERGING MARKET COUNTRY:]

- (d) where the Reference Currency is different from the Settlement Currency, the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer and/or any of its Affiliates from:
 - (i) converting the Reference Currency into the Settlement Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
 - (ii) converting the Reference Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
 - (iii) delivering the Reference Currency or Settlement Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
 - (iv) transferring the Reference Currency or Settlement Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country; or

- (e) a Relevant Country (i) imposes any controls or announces its intention to impose any controls or (ii)(A) implements or announces its intention to implement or (B) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer and/or any of its Affiliates' ability to acquire, hold, transfer or realise or otherwise to effect transactions in relation to such Fund Share,

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments[; and/.]

[IF THE REFERENCE SOURCE FOR ANY FUND SHARE IS NOT AN EXCHANGE OR TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING TWO LINES IF SECTION (I) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- [(ii)] where the Reference Source for any Fund Share is not an exchange a trading system or a quotation system as determined by the Calculation Agent,
 - (a) it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of such Fund Share by reference to such Reference Source in the manner specified in the definition of "Reference Level" in Schedule 1 or in "Information relating to the Underlying" attached in Schedule [●] to the Final Terms , or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise); or
 - (b) *[if section (i) is included above, insert: any event occurs as described in 3(i)(c) [Insert if the Reference Source for any Fund Share is located in an Emerging Market Country.; 3(i)(d) and 3(i)(e)] above in relation to such Share,] OR [if section (i) is not included above, insert 3(i)(c), 3(i)(d) and 3(i)(e) here renumbered as 3(i)(a), 3(i)(b) and 3(i)(c) respectively]*

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments.

[INSERT IF THERE SHALL BE WIDE DISCRETION TO DEAL WITH FUND EVENTS:

4. Extraordinary Fund Events

If an Extraordinary Fund Event occurs or has occurred in relation to a Fund or its Fund Shares (each such Fund, an **Affected Fund**), the Issuer may take any action described in (a), [or] (b) [or (c)] below:

- (a) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for that Extraordinary Fund Event and determine the effective date of that adjustment; or

- (b) cancel the Instruments by giving notice to Instrumentholders in accordance with Article 8.11. If the Instruments are so cancelled, the Issuer will pay an amount to each Instrumentholder in respect of each Instrument held by such Instrumentholder which amount shall be the fair market value of a Instrument taking into account the Extraordinary Fund Event less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Instrumentholders in accordance with Article 8.11; [or]
- [(c) determine that such Fund shall be replaced in accordance with paragraph 5 below and determine the relevant **Substitution Determination Date**, being the date such determination is made or such other date as the Issuer determines to be appropriate by reference to such factor(s) as it may select including, without limitation, any hedging arrangements carried out by the Issuer and/or any of its Affiliates in relation to the Instruments],

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments.

The Calculation Agent may, but need not, determine the appropriate adjustment for the purposes of (1) above by reference to the adjustment in respect of such Extraordinary Fund Event made by a Related Exchange (if any) to options contracts or futures contracts on the relevant Fund Share traded on that Related Exchange. Any adjustment or replacement made to account for an Extraordinary Fund Event may take into account, as the Calculation Agent deems appropriate, any tax, duty, withholding, deduction or other charge whatsoever (including but not limited to a change in the tax consequences) for the Issuer or any Affiliate as a result of the Extraordinary Fund Event. Such change in tax consequences may include, but is not limited to, any changes resulting from any hedging arrangements carried out by the Issuer or any Affiliate in relation to Instruments. If any adjustment or replacement is made to account for any Extraordinary Fund Event, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with Article 8.11, stating the adjustment or replacement made and giving brief details of the Extraordinary Fund Event.

Extraordinary Fund Event means any of the following:

- (i) any change and/or modification of the currency, strategy, objectives, guidelines and/or investment policies of a Fund or a Master Fund (including but not limited to any change and/or modification of the Fund Information Document) from those prevailing on the Inclusion Date;
- (ii) the insolvency, liquidation (whether voluntary or involuntary) or bankruptcy of, or any analogous proceedings affecting, a Fund, its Manager, its Administrator or its Master Fund;
- (iii) the cancellation of the registration or the approval of a Fund, its Manager or its Master Fund by any relevant authority; or any suspension of a Fund, its

Manager or its Master Fund by any relevant authority; or a Fund, its Manager or its Master Fund becomes subject to any investigation by any relevant governmental, legal or regulatory authority;

- (iv) the occurrence of a Fund Merger Event (as defined below);
- (v) a Market Disruption Event continues for [*Insert number*] consecutive Trading Days;
- (vi) the Fund or any party acting on its behalf imposes any restriction, charge or fee in respect of the purchase, subscription, sale or redemption of Fund Shares (other than any restriction, charge or fee in existence as at the Inclusion Date);
- (vii) where a buy or sell order is submitted by Deutsche Bank or any Affiliate in accordance with the relevant procedures of a Fund, the inability of Deutsche Bank AG or any Affiliate to buy or sell Fund Shares on any Trading Day at, or at a value that equates to, the Net Asset Value of Fund Share for such Trading Day;
- (viii) any action is taken, or proposed to be taken, by an authority leading to, or which could reasonably be expected to lead to, the adoption or promulgation of, or any change in, any applicable law or regulation after the Inclusion Date, or the issuance of any directive or any change in the interpretation thereof, whether formal or informal, by any court, tribunal or regulatory authority after the Inclusion Date (any such action, proposed action, adoption, promulgation or change, a "Change"), as a result of which the Issuer or any of its Affiliates would, if holding, purchasing or selling any Fund Shares, (a) be required, or there is a substantial likelihood (as determined by the Calculation Agent) that the Issuer or any of its Affiliates would be required, to pay an amount in respect of tax (howsoever arising) which would not have been the case as of the Inclusion Date, or (b) receive, or there is a substantial likelihood (as determined by the Calculation Agent) that the Issuer or any of its Affiliates would receive, a payment in respect of which an amount in respect of tax (howsoever arising) would be deducted which would not have been the case as of the Inclusion Date;
- (ix)
 - (a) as a result of any Change or for any other reason, it would be or would become unlawful or impractical for the Issuer or any of its Affiliates to hold, purchase or sell any Fund Shares and this was not the case as of the Inclusion Date, or
 - (b) [any event occurs that would, if Deutsche Bank AG and/or any of its Affiliates were holding, purchasing or selling any Fund Shares, have the effect of: (i) imposing on Deutsche Bank and/or any of its Affiliates, any reserve, special deposit, or similar requirement which did not exist as of the Inclusion Date or modifying any such requirement existing as at the Inclusion Date; or (ii) affecting the amount of regulatory capital that would have to be maintained by the Issuer and/or any of its Affiliates in connection with any hedging arrangements carried out by the Issuer or any Affiliate in relation to the Instruments [subsequent to the Inclusion Date] or modifying any such requirement existing as at the Inclusion Date;

- (x) a redemption of Fund Shares in the form of a distribution of non-cash assets;
- (xi) [the provision by a Fund Manager, or any third party, to the Issuer or any of its Affiliates of any information with regard to the asset composition of a Fund that would lead to the presumption that a Fund or Manager is investing in illiquid assets and such investment could have a detrimental effect on the Net Asset Value of the relevant Fund;]
- (xii) a Fund ceases to trade and/or a Manager or Administrator ceases its activity as manager or administrator of such Fund;
- (xiii) a change in Manager or Administrator occurs in circumstances not otherwise specified herein;
- (xiv) the occurrence of a Potential Fund Adjustment Event or a De-Listing (as defined below); or
- (xv) any event occurs as a result of which the determination of the Reference Level becomes and is likely to remain for the foreseeable future impossible or impracticable.

De-Listing means, for any Fund Share for which the Reference Source is an exchange, a trading system or a quotation system, the Reference Source announces that pursuant to the rules of such Reference Source, the Fund Share ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason (other than a Fund Merger Event) and is not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Calculation Agent.

Fund Merger Event means, in respect of a Fund, its Manager or its Master Fund:

- (i) an irrevocable commitment to transfer all of the relevant Fund Shares or shares or units in such Master Fund outstanding; or
- (ii) a consolidation, amalgamation or merger of such Fund, such Manager or such Master Fund with or into another fund or fund manager other than a consolidation, amalgamation or merger in which such Fund or its Master Fund or its Manager is the continuing Fund, Master Fund or Manager, as the case may be; or
- (iii) a takeover offer for such Fund, Master Fund or Manager that results in a transfer of or an irrevocable commitment to transfer all of the relevant Fund Shares or shares or units in such Master Fund or all the shares of such Manager (other than Fund Shares or shares owned or controlled by the offeror).]

Potential Fund Adjustment Event means, in respect of a Fund or a Master Fund:

- (i) a subdivision, consolidation or reclassification of such Fund or Master Fund (unless a Fund Merger Event);
- (ii) an extraordinary distribution or dividend; or

- (iii) any other event (excluding a distribution or dividend) that may have an economic, dilutive, concentrative or other effect on the theoretical value of the Net Asset Value of such Fund.

[INSERT IF THERE SHALL BE LESS DISCRETION TO DEAL WITH FUND EVENTS:

4. Extraordinary Fund Events

Following the occurrence of a Potential Adjustment Event, the Calculation Agent will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Fund Share and, if so, will (1) make the corresponding adjustment, if any, to any one or more of the Conditions as the Calculation Agent determines appropriate to account for that dilutive or concentrative or other effect; and (2) determine the effective date of that adjustment.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with Article 8.11, stating the adjustment made to the Conditions and giving brief details of the Potential Adjustment Event.

The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Extraordinary Fund Event made by a Related Exchange (if any) to options contracts or futures contracts on the relevant Fund Share traded on that Related Exchange. Any adjustment or replacement made to account for an Extraordinary Fund Event may take into account, as the Calculation Agent deems appropriate, any tax, duty, withholding, deduction or other charge whatsoever (including but not limited to a change in the tax consequences) for the Issuer or any Affiliate as a result of the Extraordinary Fund Event. Such change in tax consequences may include, but is not limited to, any changes resulting from any hedging arrangements carried out by the Issuer or any Affiliate in relation to Instruments.

Potential Adjustment Event means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Fund Shares (unless a Fund Merger Event) or a free distribution or dividend of any such Fund Shares to existing holders by way of bonus, capitalisation or similar issue;
- (ii) a distribution or dividend to existing holders of relevant Fund Shares of (1) such Fund Shares, or (2) other share capital or securities granting the right to payment of dividends, redemption amounts or other amounts and/or delivery of assets and/or the proceeds of liquidation of the Fund equally or proportionately with such payments or deliveries to holders of such Fund Shares, or (3) share capital or other securities of another issuer acquired by the Fund as a result of a "spin-off" or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an extraordinary dividend;

- (iv) a call by the Fund in respect of relevant Fund Shares that are not fully paid;
- (v) the Fund repurchases, redeems or is required by any applicable regulatory authority to repurchase or redeem relevant Fund Shares (other than in accordance with normal redemption or realisation procedures for such Fund Shares) whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
- (vi) with respect to a Fund an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a "poison pill" being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Fund (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights);
- (vii) the occurrence of a tender offer (a **Tender Offer**) by any entity or person to purchase more than 10 per cent. but less than 50 per cent. of the outstanding voting shares of any class of shares of the Fund, as determined by the Calculation Agent based upon the making of filings with governmental agencies and/or the nature and term of the Tender Offer; or
- (viii) any material change in the formula for or the method of calculating of the net asset value or other price or value of the relevant Fund Share, or in the composition or weighting of the prices or assets on the basis of which such net asset value or other price or value is calculated; or
- (ix) any other event that may have, in the opinion of the Calculation Agent, a dilutive or concentrative or other effect on the theoretical value of the Fund Shares.

5. *Merger Event, De-Listing, Insolvency and Other Event*

If a Fund Merger Event, De-Listing, Insolvency or Other Event occurs in relation to relevant Fund Shares, the Issuer may take any action described in (a), [or] (b) [or (c)] below:

- (a) require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Fund Merger Event, De-Listing, Insolvency or Other Event, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Fund Merger Event, De-Listing, Insolvency or Other Event made by an options exchange to options on the Fund Share traded on that options exchange; or
- (b) cancel the Instruments by giving notice to Instrumentholders in accordance with Article 8.11. If the Instruments are so cancelled, the Issuer will pay an amount to each Instrumentholder in respect of each Instrument held by such Instrumentholder which amount shall be the fair market value of a Instrument taking into account the Fund Merger Event, De-Listing, Insolvency or Other Event, as the case may be, less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying

related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Instrumentholders in accordance with Article 8.11[; or

- (c) determine that such Fund shall be replaced in accordance with paragraph 6 below and determine the relevant **Substitution Determination Date**, being the date such determination is made or such other date as the Issuer determines to be appropriate by reference to such factor(s) as it may select including, without limitation, any hedging arrangements carried out by the Issuer and/or any of its Affiliates in relation to the Instruments].

Upon the occurrence of a Fund Merger Event, De-Listing, Insolvency or Other Event, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with Article 8.11 stating the occurrence of the Fund Merger Event, De-Listing, Insolvency or Other Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. However, Instrumentholders should be aware that there may necessarily be some delay between the time at which any of the above events occurs and the time at which it is reported to Instrumentholders.

De-Listing means, for any Fund Share for which the Reference Source is an exchange, a trading system or a quotation system, the Reference Source announces that pursuant to the rules of such Reference Source, the Fund Share ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason (other than a Fund Merger Event) and is not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Calculation Agent.

Insolvency means, in relation to a Fund Share, (A) the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution, winding-up or other cessation of trading of or any analogous proceeding in relation to (i) the relevant Fund or (ii) the relevant Master Fund or (iii) unless replaced with a successor acceptable to the Calculation Agent, the relevant Administrator or the relevant Manager or (B) all such Fund Shares are required to be transferred to a trustee, liquidator or other similar official.

Fund Merger Event means, in respect of a Fund, its Manager or its Master Fund:

- (i) an irrevocable commitment to transfer all of the relevant Fund Shares or shares or units in such Master Fund outstanding; or
- (ii) a consolidation, amalgamation or merger of such Fund, such Manager or such Master Fund with or into another fund or fund manager other than a consolidation, amalgamation or merger in which such Fund or its Master Fund or its Manager is the continuing Fund, Master Fund or Manager, as the case may be; or
- (iii) a takeover offer for such Fund, Master Fund or Manager that results in a transfer of or an irrevocable commitment to transfer all of the relevant Fund Shares or shares or units in such Master Fund or all the shares of such Manager (other than Fund Shares or shares owned or controlled by the offeror).

Other Event means:

- (i) the Administrator or the Manager or the administrator or the manager of the Master Fund ceases to act in its capacity as administrator or manager of the Fund or the Master Fund, as the case may be, and is not immediately replaced in such capacity by a successor acceptable to the Calculation Agent,
- (ii) a material modification of the investment objectives, investment policies, investment strategy, investment process or investment guidelines (however described) (**investment guidelines**) of the Fund or the Master Fund,
- (iii) a material modification or breach (other than any modifications referred to in (ii) above) of the conditions in place for the relevant Fund and/or the relevant Master Fund (including but not limited to a modification or breach of the Fund Information Document or the memorandum and articles of association or other constitutional documents of the Fund or any offering circular, prospectus, information memorandum or similar document (including any document supplementing, amending or restating the same) or memorandum and articles of association or other constitutional documents of the Master Fund),
- (iv) interruption, breakdown or suspension of the calculation or publication of the net asset value or other value or price of the Master Fund,
- (v) a material modification of the type of assets in which the Fund and/or the Master Fund invests or the trading practices of the Fund or the Master Fund (including but not limited to a material deviation from the investment guidelines set out in any Fund Information Document) which, in the determination of the Calculation Agent, has or is likely to have a material effect on the hedging arrangements entered into by the Issuer and/or any of its Affiliates in respect of the Instruments,
- (vi) the non-execution or partial execution or delayed execution by or on behalf of the Fund for any reason of a subscription or redemption order in respect of any Fund Shares given by the Issuer and/or any of its Affiliates,
- (vii) the Fund otherwise suspends redemptions of any Fund Shares,
- (viii) the Fund or any party acting on its behalf imposes any restriction, charge or fee in respect of a redemption or issue of Fund Shares (other than any restriction, charge or fee in existence as at the Issue Date of the Instruments),
- (ix) the Fund, the Master Fund, the manager of the Master Fund or the Manager has any relevant licence, authorisation or registration cancelled or revoked by any applicable regulatory authority and/or the Issuer and/or any Affiliate is required by an applicable regulatory authority to dispose of any Fund Shares held in connection with any hedging arrangements relating to the Instruments,
- (x) there is a change in the taxation treatment in any relevant jurisdiction in respect of any payments and/or deliveries made by a Fund or any reinvested amounts held by a Fund in respect of any Fund Shares as a result of which the amounts and/or assets realised by the Issuer and/or any Affiliate in connection with hedging arrangements relating to the Instruments are materially reduced or otherwise adversely affected,

- (xi) any other event occurs in relation to the relevant Fund or the relevant Fund Shares, which, in the determination of the Calculation Agent, has a material adverse effect on the value of such Fund Shares and/or the hedging activities of the Issuer and/or any Affiliate in connection with the Instruments and which is not a Potential Adjustment Event and/or
- (xii) the occurrence of a Potential Adjustment Event for which an adjustment in accordance with paragraph 4 above is, in the determination of the Calculation Agent, for any reason not possible or not reasonably practical.]

6. Fund Substitution

If the Issuer determines that Fund Shares (the **Affected Fund Shares**) should be substituted pursuant to paragraph 4 above, the Calculation Agent shall, on or prior to the Realisation Date substitute the relevant Fund Shares with new fund shares (the **New Fund Shares** and the related fund, the **New Fund**) provided the New Fund has the same or similar strategy, objectives, guidelines and investment policies as specified in the Fund Information Document (as determined by the Calculation Agent in its reasonable discretion) and provided that the currency of the New Fund Shares is the same as that for the Affected Fund Shares.

If Affected Fund Shares are substituted pursuant to this provision, the Calculation Agent shall make such adjustments to the Conditions as it in its reasonable discretion deems appropriate to account for such substitution. For the avoidance of doubt, the Calculation Agent shall determine the effect of such substitution on any relevant Reference Level by taking into account the contribution to the Reference Level of the Affected Fund Shares by reference to the value at which the Fund Shares of the Affected Fund could have been redeemed, liquidated or disposed of at the date that the substitution takes place (or, if any of the Affected Fund Shares could not reasonably be redeemed, liquidated or disposed of such value shall be deemed to be zero or such other value reflective of their market value, in the determination of the Calculation Agent).

[IF THE DEFINITION OF "UNDERLYING" OR "BASKET" IN SCHEDULE 1 INCLUDES AN INDEX OR INDICES, INSERT THIS SECTION:]

1. *Indices*

[IF MORE THAN ONE TYPE OF UNDERLYING OR BASKET CONSTITUENT IS SET OUT IN THE DEFINITION OF "BASKET" OR "INSTRUMENTS" (A) THE SECTIONS IN THIS SCHEDULE 3 WILL NEED TO BE RENUMBERED APPROPRIATELY AND (B) THE FOLLOWING SHOULD BE INSERTED:]

This paragraph 1 and the definitions herein shall only apply in relation to any Index or Indices specified in Schedule 1 in the column headed "Type of Basket Constituent" in the definition of "Basket" in Schedule 1, or in the column headed "Type of Underlying" in the definition of "Instruments", as the case may be. For any Underlying other than an Index or Indices which are specified in such column, other sections of this paragraph 1, if and to the extent applicable, and the definitions therein shall apply.]

2. *Definitions:*

Affiliate is as defined in Schedule 2;

Index means (i) the or, as the case may be, each index specified in the definition of "Underlying", "Instruments" or "Basket", as the case may be, in Schedule 1 (each a **Principal Index**) and (ii) any index included in any Principal Index, or used for the calculation or determination of any Principal Index or any Index Constituent thereof (a **Sub-Index**);

Index Constituent means any security or other asset or reference value (other than a Sub-Index) constituting an Index at a relevant time;

Index Sponsor means (i) in relation to a Principal Index, the sponsor specified for such Principal Index in the definition of "Underlying", "Instruments" or "Basket", as the case may be, in Schedule 1 and (ii) in relation to a Sub-Index, the entity determined by the Calculation Agent to be principally responsible for the determination and publication of such Sub-Index, provided that, in either case all references to an Index Sponsor shall include any Successor Sponsor (as defined below);

Reference Currency (i) in relation to a Principal Index, is as defined in Schedule 2 or, if not defined in Schedule 2, is the Settlement Currency and (ii) in relation to an Index Constituent or a Sub-Index, is the currency in which the Index Constituent or Sub-Index is denominated or quoted or with which it is most closely connected, as determined by the Calculation Agent;

Reference Level is as defined in Schedule 2;

Reference Source (i) in relation to a Principal Index, is as defined in Schedule 1 and (ii) in relation to any Sub-Index or Index Constituent, is the reference source or reference sources determined by the Calculation Agent to be applicable to the valuation of such Sub-Index or such Index Constituent, as the case may be, for the purposes of determining the Reference Level;

Related Exchange means, unless otherwise defined in Schedule 1, with respect to an Index or an Index Constituent, any exchange, trading system or quotation system on which options contracts or futures contracts on such Index or such Index Constituent are traded, as determined by the Calculation Agent;

Relevant Country means, each of:

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency or the Settlement Currency is the legal tender or currency and
- (ii) any country (or any political or regulatory authority thereof) with which an Index or an Index Constituent has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to the country or countries in which the Index is calculated or published, the issuer of the Index Constituent is incorporated and/or such other factor(s) as it may deem appropriate,

all as determined by the Calculation Agent.

Relevant Time means, with respect to an Index or an Index Constituent, the relevant time by reference to which the relevant Index Sponsor determines the price or value of such Index or such Index Constituent for the purposes of determining the Reference Level; and

Settlement Currency is as defined in paragraph 33 in the table at the beginning of these Final Terms above.

3. *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with Article 8.11 (*Notices*) if a Market Disruption Event has occurred on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by this paragraph 3 to determine the level of an Index.

Market Disruption Event means:

[IF THE REFERENCE SOURCE FOR ANY INDEX OR INDEX CONSTITUENT IS AN EXCHANGE, A TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING THREE LINES IF SECTION (II) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- (i) where the Reference Source for an Index or an Index Constituent is an exchange, a trading system or a quotation system as determined by the Calculation Agent,
 - (a) the occurrence or existence on any Trading Day at the Relevant Time for such Index or such Index Constituent or at any time during the one hour period that ends at the Relevant Time for such Index or such Index Constituent:
 - (i) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits

permitted by any Reference Source or any Related Exchange or otherwise):

- (A) on any Reference Source as a whole; or
 - (B) on any Related Exchange of any options contracts or futures contracts on or relating to any Index or any Index Constituent; or
 - (C) on any exchange or trading system or quotation system on which an Index Constituent is listed or quoted of such Index Constituent; or
- (ii) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in relation to or to obtain market values for such Index or such Index Constituent on the relevant Reference Source or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to such Index or such Index Constituent on any Related Exchange; or
- (b) the closure on any Trading Day of any Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour prior to (aa) the actual closing time for the regular trading session on such Reference Source or such Related Exchange on such Trading Day or, if earlier, (bb) the submission deadline (if applicable) for orders to be entered into such Reference Source or such Related Exchange system for execution at the Relevant Time on such Trading Day. A **Scheduled Closing Time** is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or
- (c) a general moratorium is declared in respect of banking activities in any Relevant Country; [or]

[INSERT IF THE REFERENCE SOURCE FOR ANY INDEX OR INDEX CONSTITUENT IS LOCATED IN AN EMERGING MARKET COUNTRY]

- (d) in relation to a Reference Currency for a Principal Index, a Sub-Index or an Index Constituent which is different from the Settlement Currency, the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Hedging Counterparty and/or any of its Affiliates from:
- (i) converting such Reference Currency into the Settlement Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;

- (ii) converting such Reference Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
 - (iii) delivering such Reference Currency or Settlement Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
 - (iv) transferring such Reference Currency or Settlement Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country; or
- (e) a Relevant Country (a) imposes any controls or announces its intention to impose any controls or (b)(i) implements or announces its intention to implement or (ii) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Hedging Counterparty and/or any of its Affiliates' ability to acquire, hold, transfer or realise such Index Constituent or to effect transactions in relation to such Index,

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Hedging Counterparty and/or any of its Affiliates in relation to the Instruments[; and/.]

[IF THE REFERENCE SOURCE FOR ANY INDEX OR INDEX CONSTITUENT IS NOT AN EXCHANGE OR TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING THREE LINES IF SECTION (I) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

where the Reference Source for an Index or an Index Constituent is not an exchange, a trading system or a quotation system as determined by the Calculation Agent,]

- (a) it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of such Index or Index Constituent by reference to such Reference Source in the manner specified in the definition of "Reference Level" in Schedule 2 or in "Information relating to the Underlying" attached in Schedule [●] to the Final Terms , or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise); or
- (b) [if section (i) is included above, insert: any event occurs, as described in 3(i)(c) [Insert if the Reference Source for any Index or Index Constituent is located in an Emerging Market Country:, 3(i)(d) and/or 3(i)(e)] above in relation to any such Index or Index Constituent,] **OR** [if section (i) is not included above, insert 3(i)(c), 3(i)(d), and 3(i)(e) here renumbered as 3(i)(a), 3(i)(b), and 3(i)(c) respectively]

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments.

4. Adjustments to the Index

The Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with Article 8.11 (*Notices*) of any determination made by it pursuant to paragraph 4.1 or 4.2 below.

4.1 If an Index is:

- (a) not calculated and announced by the relevant Index Sponsor but is calculated and published by a successor sponsor (the **Successor Sponsor**) acceptable to the Calculation Agent; or
- (b) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index,

then in each case that Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.

4.2 If on or prior to any date with respect to which the Calculation Agent is required by this paragraph 2 to determine the level of an Index, the relevant Index Sponsor or, if applicable, the Successor Sponsor (i) makes or announces that it will make a material change in the formula for or the method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation and other routine events) (an **Index Modification**) or (ii) permanently cancels that Index (an **Index Cancellation**) or (iii) fails to calculate and announce that Index (an **Index Disruption**) and, in each case, paragraph 4.1(a) or 4.1(b) does not apply, then the [Hedging Counterparty] may take any action described in 4.2(a) or 4.2(b) below:

- (a) require the Calculation Agent to determine the level of that Index on that date using, in lieu of a published level for that Index, the level for that Index as at that date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the Index Modification, Index Cancellation or Index Disruption but using only those Index Constituents that comprised that Index immediately prior to the Index Modification, Index Cancellation or Index Disruption; or
- (b) cancel the Instruments by giving notice to Instrumentholders in accordance with Article 8.11 (*Notices*). If the Instruments are so cancelled, the Issuer will pay an amount to each Instrumentholder in respect of each Instrument held by such Instrumentholder which amount shall be the fair market value of a Instrument taking into account the Index Modification, Index Cancellation or Index Disruption, as the case may be, less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging

arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Instrumentholders in accordance with Article 8.2.5 (*Payments*).

[INSERT FOR DEUTSCHE BANK PROPRIETARY INDEX, IF APPLICABLE:

Where provisions for the calculation of an Index are set out in "Information Relating to the Underlying" attached in Schedule [●] to the Final Terms then, for the avoidance of doubt, all the provisions set out in such sections are an integral part of how such Index is calculated and no calculation of such Index pursuant to any such provisions (including, but not limited to, any change in any Applicable Percentage or any operation of the provisions, if any, set out therein) will constitute an Index Modification as referred to above in paragraph 4.1 or necessitate any determination by the Calculation Agent pursuant to this paragraph 4.2.]

- 4.3 The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Instrumentholder of any determination made by it pursuant to this paragraph 4 which occurs on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Instrumentholders copies of any such determinations.

[IF THE DEFINITION OF "UNDERLYING" OR "BASKET" IN SCHEDULE 1 INCLUDES A COMMODITY OR COMMODITIES, INSERT THIS SECTION:

1. *Commodities*

[IF MORE THAN ONE TYPE OF UNDERLYING OR BASKET CONSTITUENT IS SET OUT IN THE DEFINITION OF "BASKET" OR "INSTRUMENTS" (A) SECTIONS IN THIS SCHEDULE 3 WILL NEED TO BE RENUMBERED APPROPRIATELY AND (B) THE FOLLOWING SHOULD BE INSERTED:

This paragraph 1 and the definitions herein shall only apply in relation to any Commodity or Commodities specified in Schedule 1 in the column headed "Type of Basket Constituent" in the definition of "Basket", or in the column headed "Type of Underlying" in the definition of "Instruments", as the case may be. For any Underlying other than a Commodity or Commodities which are specified in such column, other sections of this paragraph 1, if and to the extent applicable, and the definitions therein shall apply.]

2. *Definitions:*

Affiliate is as defined in Schedule 2;

Other Exchange means, with respect to a Commodity, each exchange, trading system or quotation system other than the Reference Source on which such Commodity is listed, traded or quoted;

Reference Currency is as defined in Schedule 2 or, if not defined in Schedule 2, is the Settlement Currency;

Reference Level is as defined in Schedule 2;

Reference Source is as defined in Schedule 1;

Related Exchange means, unless otherwise defined in Schedule 1, with respect to a Commodity, any exchange, trading system or quotation system on which options contracts or futures contracts on such Commodity are traded as determined by the Calculation Agent;

Relevant Country means, each of

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency or the Settlement Currency is the legal tender or currency and
- (ii) any country (or any political or regulatory authority thereof) with which the Commodity, or the Reference Source, has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to such factor(s) as it may deem appropriate,

all as determined by the Calculation Agent.

Relevant Time means, with respect to any Commodity, the relevant time by reference to which the Calculation Agent determines the price or value of such Commodity for the purposes of determining the Reference Level; and

Settlement Currency is as defined in paragraph 33 in the table at the beginning of these Final Terms.

3. *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with Article 8.11 if a Market Disruption Event has occurred on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by the Conditions to determine the price or value of a Commodity.

Market Disruption Event means:

[IF THE REFERENCE SOURCE FOR ANY COMMODITY IS AN EXCHANGE, A TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING TWO LINES IF SECTION (II) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- (i) where the Reference Source for any Commodity is an exchange, a trading system or a quotation system as determined by the Calculation Agent,
 - (a) the occurrence or existence on any Trading Day at the Relevant Time for such Commodity or at any time during the one hour period that ends at the Relevant Time for such Commodity:
 - (i) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits permitted by the relevant Reference Source or any Related Exchange or otherwise):
 - (A) of the Commodity on the Reference Source or any Other Exchange; or

- (B) in options contracts or futures contracts relating to the Commodity on any Related Exchange; or
 - (ii) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in relation to or to obtain market values for the Commodity on the relevant Reference Source or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to such Commodity on any Related Exchange; or
- (b) the closure on any Trading Day of the Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour prior to (aa) the actual closing time for the regular trading session on such Reference Source or such Related Exchange on such Trading Day or, if earlier, (bb) the submission deadline (if applicable) for orders to be entered into the Reference Source or such Related Exchange system for execution at the Relevant Time on such Trading Day. A **Scheduled Closing Time** is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or
- (c) a general moratorium is declared in respect of banking activities in any Relevant Country; [or]

[INSERT IF THE REFERENCE SOURCE FOR ANY COMMODITY IS LOCATED IN AN EMERGING MARKET COUNTRY:]

- (d) where the Reference Currency is different from the Settlement Currency, the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer and/or any of its Affiliates from:
 - (i) converting the Reference Currency into the Settlement Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
 - (ii) converting the Reference Currency into the Settlement Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
 - (iii) delivering the Reference Currency or Settlement Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
 - (iv) transferring the Reference Currency or Settlement Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country; or

- (e) a Relevant Country (a) imposes any controls or announces its intention to impose any controls or (b)(i) implements or announces its intention to implement or (ii) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer and/or any of its Affiliates' ability to acquire, hold, transfer or realise or otherwise to effect transactions in relation to such Commodity,

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments[; and/.]

[IF THE REFERENCE SOURCE FOR ANY COMMODITY IS NOT AN EXCHANGE OR TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING TWO LINES IF SECTION (I) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- (ii) where the Reference Source for any Commodity is not an exchange, a trading system or a quotation system as determined by the Calculation Agent,
 - (a) it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of such Commodity by reference to such Reference Source in the manner specified in the definition of "Reference Level" in Schedule 2 or in "Information relating to the Underlying" attached in Schedule [●] to the Final Terms , or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise); or
 - (b) *[if section (i) is included above, insert: any event occurs as described in 3(i)(c) [Insert if the Reference Source for any Commodity is located in an Emerging Market Country:, 3(i)(d) and/or 3(i)(e)] above in relation to such Commodity,] OR [if section (i) is not included above, insert 3(i)(c), 3(i)(d) and 3(i)(e) here renumbered as 3(i)(a), 3(i)(b) and 3(i)(c) respectively]*

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments.

4. Potential Adjustment Events

If a Potential Adjustment Event occurs or has occurred, the Calculation Agent shall (1) determine the appropriate adjustment, if any, to any one or more of the Conditions; and (2) determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by a Related Exchange to options contracts or futures contracts on the relevant Commodity traded on that Related Exchange.

Upon making any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with Article 8.11, stating the adjustment made to the Conditions and giving brief details of the Potential Adjustment Event.

Potential Adjustment Event means any of the following:

- (i) the Commodity is traded on the Reference Source in a different quality or another composition (for example in a different degree of purity or with a different point of origin);
- (ii) any other event or measure as a result of which the Commodity, as traded on the Reference Source, is changed or altered;
- (iii) option contracts or futures contracts on or relating to the Commodity as traded on any Related Exchange are altered in the manner described under paragraphs (i) or (ii) above.

5. *Cessation of Trading and Other Termination Event*

5.1 Where the Reference Source for such Commodity is an exchange or a trading system or a quotation system, if the Reference Source announces that pursuant to the rules of such Reference Source, such Commodity ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason and is not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Calculation Agent (**Cessation of Trading**), or

5.2 if, after the occurrence of a Potential Adjustment Event, an adjustment in accordance with paragraph 4 above is, in the determination of the Calculation Agent, for any reason not possible or not reasonably practical (**Other Termination Event**),

the Issuer will cancel the Instruments by giving notice to Instrumentholders in accordance with Article 8.11.

If the Instruments are so cancelled, the Issuer will pay an amount to each Instrumentholder in respect of each Instrument held by such Instrumentholder which amount shall be the fair market value of a Instrument taking into account the Cessation of Trading or Other Termination Event, less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Instrumentholders in accordance with Article 8.11.

Upon the occurrence of such Cessation of Trading or Other Termination Event, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with Article 8.11 stating the occurrence of the Cessation of Trading or Other Termination Event. However, Instrumentholders should be aware that there may necessarily be some delay between the time at which any of the above events occur and the time at which it is reported to Instrumentholders.

[IF THE DEFINITION OF "UNDERLYING" OR "BASKET" IN SCHEDULE 1 INCLUDES A FOREIGN EXCHANGE RATE OR FOREIGN EXCHANGE RATES, INSERT THIS SECTION.]

1. *Foreign Exchange Rates*

[IF MORE THAN ONE TYPE OF UNDERLYING OR BASKET CONSTITUENT IS SET OUT IN THE DEFINITION OF "BASKET" OR "INSTRUMENTS" (A) THE SECTIONS IN THIS SCHEDULE 3 WILL NEED TO BE RENUMBERED APPROPRIATELY AND (B) THE FOLLOWING SHOULD BE INSERTED:

This paragraph 1 and the definitions herein shall only apply in relation to any Foreign Exchange Rate or Foreign Exchange Rates specified in Schedule 1 in the column headed "Type of Basket Constituent" in the definition of "Basket", or in the column headed "Type of Underlying" in the definition of "Instruments", as the case may be. For any Underlying other than a Foreign Exchange Rate or Foreign Exchange Rates which are specified in such column, other sections of this paragraph 1, if and to the extent applicable, and the definitions therein shall apply.]

2. *Definitions:*

Affiliate is as defined in Schedule 2;

Other Exchange means, with respect to a Rate of Exchange, each exchange, trading system or quotation system other than the Reference Source on which the relevant Rate of Exchange is listed, traded or quoted;

Reference Currency means, with respect to a Rate of Exchange, each currency specified in a Rate of Exchange;

Reference Level is as defined in Schedule 2;

Reference Source is as defined in Schedule 1;

Related Exchange means, unless otherwise defined in Schedule 1, with respect to a Rate of Exchange, any exchange, trading system or quotation system on which options contracts or futures contracts on the relevant Rate of Exchange are traded as determined by the Calculation Agent;

Relevant Country means, with respect to each Rate of Exchange, each of

- (i) any country (or any political or regulatory authority thereof) in which a Reference Currency for such Rate of Exchange, or the Settlement Currency is the legal tender or currency; and
- (ii) any country (or any political or regulatory authority thereof) with which a Reference Currency for such Rate of Exchange, or the Reference Source, has a material connection and, in determining what is material the Calculation Agent may, without limitation, refer to such factor(s) as it may deem appropriate,

all as determined by the Calculation Agent.

Relevant Time means, with respect to any Rate of Exchange, the relevant time by reference to which the Calculation Agent determines the price or value of such Rate of Exchange for the purposes of determining the Reference Level;

Second Currency means the currency appearing in the second position in a Rate of Exchange; and

Settlement Currency is as defined in paragraph 33 in the table at the beginning of these Final Terms.

3. *Market Disruption*

The Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with Article 8.11 if a Market Disruption Event has occurred on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by the Conditions to determine the price or value of a Rate of Exchange in the Settlement Currency.

Market Disruption Event means:

[IF THE REFERENCE SOURCE FOR ANY RATE OF EXCHANGE IS AN EXCHANGE, A TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:

[INSERT THE FOLLOWING TWO LINES IF SECTION (II) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:

- (i) where the Reference Source for any Rate of Exchange is an exchange, a trading system or a quotation system as determined by the Calculation Agent,
 - (a) the occurrence or existence on any Trading Day at the Relevant Time for such Rate of Exchange or at any time during the one hour period that ends at the Relevant Time for such Rate of Exchange:
 - (i) of any suspension of or limitation imposed on trading (whether by reason of movements in price exceeding limits permitted by the relevant Reference Source or any Related Exchange or otherwise):
 - (A) of a Second Currency, for its conversion into the relevant First Currency, on the Reference Source or any Other Exchange; or
 - (B) in options contracts or futures contracts relating to a Second Currency, for its conversion into the relevant First Currency, on any Related Exchange; or
 - (ii) of any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in relation to or to obtain market values for a Second Currency, for its conversion into the relevant First Currency, on the relevant Reference Source or to effect transactions in or obtain market values for options contracts or futures contracts on or relating to

such Second Currency, for its conversion into the First Currency, on any Related Exchange; or

- (b) the closure on any Trading Day of the Reference Source or any Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source or such Related Exchange, as the case may be, at least one hour prior to (aa) the actual closing time for the regular trading session on such Reference Source or such Related Exchange on such Trading Day or, if earlier, (bb) the submission deadline (if applicable) for orders to be entered into the Reference Source or such Related Exchange system for execution at the Relevant Time on such Trading Day. A **Scheduled Closing Time** is the scheduled weekday closing time of the relevant Reference Source or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours; or
- (c) a general moratorium is declared in respect of banking activities in any Relevant Country; [or]

[INSERT IF THE REFERENCE SOURCE FOR ANY RATE OF EXCHANGE IS LOCATED IN AN EMERGING MARKET COUNTRY:]

- (d) the occurrence at any time of an event which the Calculation Agent determines would have the effect of preventing, restricting or delaying the Issuer and/or any of its Affiliates from:
 - (i) converting a Second Currency into the relevant First Currency through customary legal channels or transferring within or from any Relevant Country either currency, due to the imposition by such Relevant Country of any controls restricting or prohibiting such conversion or transfer, as the case may be;
 - (ii) converting a Second Currency into the relevant First Currency at a rate at least as favourable as the rate for domestic institutions located in any Relevant Country;
 - (iii) delivering a First Currency or Second Currency from accounts inside any Relevant Country to accounts outside such Relevant Country; or
 - (iv) transferring a First Currency or Second Currency between accounts inside any Relevant Country or to a party that is a non-resident of such Relevant Country; or
- (e) a Relevant Country (a) imposes any controls or announces its intention to impose any controls or (b)(i) implements or announces its intention to implement or (ii) changes or announces its intention to change the interpretation or administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer and/or any of its Affiliates' ability to acquire, hold, transfer or realise or otherwise to effect transactions in relation to such Rate of Exchange,

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any

hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments[; and/.]

[IF THE REFERENCE SOURCE FOR ANY RATE OF EXCHANGE IS NOT AN EXCHANGE OR TRADING SYSTEM OR A QUOTATION SYSTEM INSERT:]

[INSERT THE FOLLOWING TWO LINES IF SECTION (I) OF MARKET DISRUPTION EVENT DEFINITION IS ALSO USED:]

- (ii) where the Reference Source for any Rate of Exchange is not an exchange, a trading system or a quotation system as determined by the Calculation Agent,
 - (a) it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of a Second Currency in the relevant First Currency by reference to such Reference Source in the manner specified in the definition of "Reference Level" in Schedule 2 or in "Information relating to the Underlying" attached in Schedule ● to the Final Terms , or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise); or
 - (b) *[if section (i) is included above, insert: any event occurs as described in 3(i)(c) [Insert if the Reference Source for any Rate of Exchange is located in an Emerging Market Country:, 3(i)(d) and/or 3(i)(e)] above in relation to such Rate of Exchange,] OR [if section (i) is not included above, insert 3(i)(c), 3(i)(d) and 3(i)(e) here renumbered as 3(i)(a), 3(i)(b) and 3(i)(c) respectively]*

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates in relation to the Instruments.

4. Adjustment Event

If a Second Currency is, in its function as legal tender, in the country or jurisdiction, or countries or jurisdictions, maintaining the authority, institution or other body which issues such Reference Currency, replaced by another currency, or merged with another currency to become a common currency (such replacing or merged currency the **New Reference Currency**) and the provisions of paragraph 4 or of Article [8.8] do not apply, such Second Currency shall, within the Rate of Exchange, be replaced by the New Reference Currency (such exchange rate the **New Rate of Exchange**), provided that the New Rate of Exchange shall be calculated on the basis of the number of units of the New Reference Currency determined by the conversion of the number of units of the Second Currency used for the determination of the previous Rate of Exchange into the New Reference Currency using the exchange rate applicable to such conversion, all as determined by the Calculation Agent.

5. Termination Events

If a Reference Currency ceases, for any reason, to be legal tender in the country or jurisdiction, or countries or jurisdictions, maintaining the authority, institution or other body which issues such Reference Currency, and the provisions of paragraph 4 or of [Article 8.8] do not apply, or if an adjustment in accordance with paragraph 4 is, in the

determination of the Calculation Agent, for any reason not possible or not reasonably practical, or

where the Reference Source for any Rate of Exchange is an exchange or a trading system or a quotation system, if the Reference Source announces that pursuant to the rules of such Reference Source, the exchange rate between the relevant First Currency and Second Currency ceases (or will cease) to be listed, traded or publicly quoted on the Reference Source for any reason and is not immediately re-listed, re-traded or re-quoted on an exchange, trading system or quotation system acceptable to the Calculation Agent (**Cessation of Trading**),

(each such event a **Termination Event**), the Issuer will cancel the Instruments by giving notice to Instrumentholders in accordance with Article 8.11.

If the Instruments are so cancelled, the Issuer will pay an amount to each Instrumentholder in respect of each Instrument held by such Instrumentholder which amount shall be the fair market value of a Instrument taking into account the relevant Termination Event, less the cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Instrumentholders in accordance with Article 8.11.

Upon the occurrence of such Termination Event, the Calculation Agent shall give notice as soon as practicable to the Instrumentholders in accordance with Article 8.11 stating the occurrence of the Termination Event. However, Instrumentholders should be aware that there may necessarily be some delay between the time at which any of the above events occur and the time at which it is reported to Instrumentholders.

**SCHEDULE 4 TO THE FINAL TERMS
PRODUCT SPECIFIC RISK FACTORS**

[TO BE ADDED WHERE RELEVANT TO A PARTICULAR PRODUCT ONLY]

[Hedge Funds and other Alternative Investment Funds

The Underlying may comprise or be linked to hedge funds and other alternative investment funds (each an **Alternative Investment Fund**). The following is a non-exhaustive list of the risks associated with investing in Alternative Investment Funds.

Trading Advisor: The performance of an Alternative Investment Fund will depend on the performance of the investments selected by the relevant trading advisor (the **Trading Advisor** in respect of an Alternative Investment Fund is the entity which provides investment management services to the Alternative Investment Fund) and, to a great extent, upon the expertise of key individuals associated with the day-to-day operations of the Trading Advisor. Any withdrawal or other cessation of investment activities on behalf of the Trading Advisor by any of these individuals could result in losses and/or the termination or the dissolution of the relevant Alternative Investment Fund. The investment strategy, investment restrictions and investment objectives of an Alternative Investment Fund give its Trading Advisor considerable discretion to invest the assets thereof and there can be no guarantee that the Trading Advisor's investment decisions will be profitable or will effectively hedge against the risk of market or other conditions causing the value of the relevant Alternative Investment Fund to decline. A Trading Advisor will receive performance related fees, which may be substantial. The manner of calculating such fees may create an incentive for the Trading Advisor to make investments that are riskier or more speculative than would be the case if such fees were not paid to the Trading Advisor. In addition, since the performance fees may be calculated on a basis that includes both unrealised and realised gains on the relevant Alternative Investment Fund's assets, such fees may be greater than if they were based solely on realised gains.

Lack of segregation of assets: A prime broker (which may be Deutsche Bank AG London or an affiliate thereof) will be, or will have been, appointed in relation to an Alternative Investment Fund and will accordingly be responsible for custody, clearing, financing and reporting services with respect to the securities transactions entered into by the relevant Trading Advisor. Where investments by an Alternative Investment Fund are classified by the relevant prime broker as collateral, they may not be segregated by such prime broker from its own investments. As a result, such investments may be available to the creditors of such prime broker in the event of its insolvency and the relevant Alternative Investment Fund may lose some or all of its interest in such investments.

Hedging risks: A Trading Advisor may utilise warrants, futures, forward contracts, swaps, options and other derivative instruments involving securities, currencies, interest rates, commodities and other asset categories (and combinations of the foregoing) for the purposes of establishing "market neutral" arbitrage positions as part of its trading strategies and to hedge against movements in the capital markets. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions may also limit the opportunity for gain if the value of the portfolio position should increase. Moreover, it may not always be possible for the Trading Advisor to execute hedging transactions, or to do so at prices, rates or levels advantageous to the Alternative Investment Fund. The success of any hedging transactions will be subject to the movements in the direction of securities prices and currency and interest rates, and stability or predictability of pricing relationships. Therefore, while an Alternative Investment Fund might enter into such transactions to reduce currency exchange rate and interest rate risks, unanticipated changes in currency or interest rates may result in poorer overall performance for the Alternative Investment Fund than if

it had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Moreover, for a variety of reasons, the relevant Trading Advisor may not be able to, or may not seek to, establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. An imperfect correlation may prevent an Alternative Investment Fund from achieving the intended hedge or expose an Alternative Investment Fund to risk of loss.

Leverage: Alternative Investment Funds may be able to borrow (or employ leverage) without limitation and may utilise various lines of credit and other forms of leverage, including swaps and repurchase agreements. While leverage presents opportunities for increasing an Alternative Investment Fund's total return, it has the effect of potentially increasing losses as well. If income and appreciation on investments made with borrowed funds are less than the required interest payments on the borrowings, the value of the Alternative Investment Fund will decrease. Additionally, any event which adversely affects the value of an investment by an Alternative Investment Fund would be magnified to the extent such Alternative Investment Fund is leveraged. The cumulative effect of the use of leverage by an Alternative Investment Fund in a market that moves adversely to such Alternative Investment Fund's investments could result in a substantial loss to the Alternative Investment Fund that would be greater than if the Alternative Investment Fund were not leveraged. Furthermore, any use by the Alternative Investment Fund of swaps and other derivatives to gain exposure to certain Alternative Investment Funds will leverage the Alternative Investment Fund's assets, and subject it to the risks described above. Two further specific risks are:

- (1) *interest rates:* interest rates and changes in interest rates may affect the Net Asset Value of the Alternative Investment Fund index if the relevant Trading Advisor employs leverage. The level of interest rates generally, and the rates at which the relevant Alternative Investment Fund can borrow, will affect its returns and therefore the Alternative Investment Fund index; and
- (2) *operational and market risks:* small hedging errors may be amplified by leverage into major duration imbalances that render an investment exposed to directional shifts in the yield curve and may lead to a total loss of the leveraged investment. Hedges may fail to track target investments due to uncorrelated changes in spreads between various instruments, resulting in large unexpected losses. In addition, it is operationally difficult to manage a leveraged portfolio of complex instruments, not only because positions must be monitored for asset performance, but also because prices must be determined and valuation disputes with counterparties resolved to ensure adequate maintenance of collateral for hedging or funding contracts. Failure to do so can lead to defaults on margin maintenance requirements and can expose an Alternative Investment Fund to the withdrawal of credit lines necessary to fund asset positions.

Risks associated with the use of margin borrowings: A Trading Advisor's anticipated use of short-term margin borrowings will result in certain additional risks to the Alternative Investment Fund. For example, if securities pledged to brokers to secure an Alternative Investment Fund's margin accounts decline in value, such Alternative Investment Fund could be subject to a "margin call", pursuant to which it must either deposit additional funds with the managed account for subsequent deposit with the broker or be subject to mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the relevant Alternative Investment Fund's assets, the Trading Advisor might not be able to liquidate assets quickly enough to pay off the margin debt. In such a case, the relevant prime broker may liquidate additional assets of the Alternative Investment Fund, in its sole discretion, in order to satisfy such margin debt. The premiums for certain options traded on non-US exchanges may be paid for on margin. If the Trading Advisor sells an option on a futures contract from the relevant managed account, it may be required to deposit margin in an amount equal to the margin requirement established for the futures contract underlying the option and, in addition, an amount substantially equal to the premium for the option. The margin requirements imposed on the

writing of options, although adjusted to reflect the probability that out-of-the-money options will not be exercised, can in fact be higher than those imposed in dealing in the futures markets directly. Whether any margin deposit will be required for over-the-counter options will depend on the agreement of the parties to the transaction.

Low credit quality securities: The Alternative Investment Fund indices may include Alternative Investment Funds which may make particularly risky investments that also may offer the potential for correspondingly high returns. As a result, an Alternative Investment Fund may lose all or substantially all of its investment in any particular instance. In addition, there is no minimum credit standard which is a prerequisite to an Alternative Investment Fund's investment in any security. The debt securities in which an Alternative Investment Fund is permitted to invest may be rated lower than investment grade and hence may be considered to be "junk bonds" or distressed securities.

Distressed securities: Alternative Investment Funds may invest in securities of US and non-US issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, or that are involved in bankruptcy or reorganisation proceedings. Investments of this type may involve substantial financial and business risks that can result in substantial or, at times, even total losses. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and a court's power to disallow, reduce, subordinate or disenfranchise particular claims. The market prices of such securities are also subject to abrupt and erratic market movements and above-average price volatility, and the spread between the bid and asked prices of such securities may be greater than those prevailing in other securities markets. It may take a number of years for the market price of such securities to reflect their intrinsic value. In liquidation (both in and out of bankruptcy) and other forms of corporate reorganisation, there exists the risk that the reorganisation will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution to the Alternative Investment Fund of cash or a new security the value of which will be less than the purchase price of the security in respect of which such distribution was made.

Derivatives: Certain Alternative Investment Funds may invest in complex derivative instruments which seek to modify or replace the investment performance of particular securities, commodities, currencies, interest rates, indices or markets on a leveraged or unleveraged basis. These instruments generally have counterparty risk and may not perform in the manner expected by the counterparties, thereby resulting in greater loss or gain to the investor. These investments are all subject to additional risks that can result in a loss of all or part of an investment, in particular, interest rate and credit risk, volatility, world and local market price and demand, and general economic factors and activity. Derivatives may have very high leverage embedded in them that can substantially magnify market movements and result in losses greater than the amount of the investment. The Alternative Investment Funds may also buy or sell options on a variety of underlying assets. Risk of writing (selling) options is unlimited in that the writer of the option must purchase (in the case of a put) or sell (in the case of a call) the underlying security at a certain price upon exercise. There is no limit on the price an Alternative Investment Fund may have to pay to meet its obligations as an option writer. As assets that can have no value at their expiration, options can introduce a significant additional element of leverage and risk to an Alternative Investment Fund's market exposure. The use of certain options strategies can subject an Alternative Investment Fund to investment losses that are significant even in the context of positions for which the relevant Trading Advisor has correctly anticipated the direction of market prices or price relationships.

Special risks associated with trading in over-the-counter derivatives: Some of the markets in which an Alternative Investment Fund may effect derivative transactions are "over-the-counter" or "interdealer" markets, which may be illiquid and are sometimes subject to larger spreads than

exchange-traded derivative transactions. The participants in such markets are typically not subject to credit evaluation and regulatory oversight, which would be the case with members of "exchange-based" markets. This exposes the Alternative Investment Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants found in "exchange-based" markets. These factors may cause an Alternative Investment Fund to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise. Such "counterparty risk" is present in all swaps, and is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Alternative Investment Fund has concentrated its transactions with a single or small group of counterparties. An Alternative Investment Fund generally is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. In addition, if a Trading Advisor engages in such over-the-counter transactions, the relevant Alternative Investment Fund will be exposed to the risk that the counterparty (usually the relevant prime broker) will fail to perform its obligations under the transaction. The valuation of over-the-counter derivative transactions is also subject to greater uncertainty and variation than that of exchange-traded derivatives. The "replacement" value of a derivative transaction may differ from the "liquidation" value of such transaction, and the valuations provided by an Alternative Investment Fund's counterparty to such transactions may differ from the valuations provided by a third party or the value upon liquidation of the transaction. Under certain circumstances it may not be possible for an Alternative Investment Fund to obtain market quotations for the value of an over-the-counter derivatives transaction. An Alternative Investment Fund may also be unable to close out or enter into an offsetting over-the-counter derivative transaction at a time it desires to do so, resulting in significant losses. In particular, the closing-out of an over-the-counter derivative transaction may only be effected with the consent of the counterparty to the transaction. If such consent is not obtained, an Alternative Investment Fund will not be able to close out its obligations and may suffer losses.

Illiquid investments: Certain Alternative Investment Funds may make investments which are subject to legal or other restrictions on transfer or for which no liquid market exists, such as private placements. The market prices, if any, of such investments tend to be more volatile and it may be impossible to sell such investments when desired or to realise their fair value in the event of a sale. Moreover, securities in which an Alternative Investment Fund may invest include those that are not listed on a stock exchange or traded in an over-the-counter market. As a result of the absence of a public trading market for these securities, they are likely to be less liquid than publicly traded securities. There may be substantial delays in attempting to sell non-publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realised from these sales could be less than those originally paid. Furthermore, companies whose securities are not registered or publicly traded are not subject to the disclosure and other investor protection requirements which would be applicable if their securities were registered or publicly traded. In addition, futures positions may become illiquid because, for example, most US commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Futures contract prices in various commodities occasionally have exceeded the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent a Trading Advisor from promptly liquidating unfavourable positions and subject the relevant Alternative Investment Fund to substantial losses. In addition, an exchange or regulatory authority may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. The illiquidity of positions may result in significant unanticipated losses.

Legal and regulatory risks: Legal and regulatory changes could adversely affect an Alternative Investment Fund. Regulation of investment vehicles such as an Alternative Investment Fund, and of many of the investments a Trading Advisor is permitted to make on behalf of an Alternative Investment Fund, is still evolving and therefore subject to change. In addition, many governmental agencies, self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The effect of any future legal or regulatory change on an Alternative Investment Fund is impossible to predict, but could be substantial and adverse.

Short-selling: An Alternative Investment Fund may engage in short selling transactions. A short sale involves the sale of a security that the seller does not own in the hope of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the Alternative Investment Fund must borrow the security and is obligated to return the security to the lender, which is accomplished by a later purchase of the security. The Alternative Investment Fund realises a profit or a loss as a result of a short sale if the price of the security decreases or increases respectively between the date of the short sale and the date on which the Alternative Investment Fund covers its short position, i.e., purchases the security to replace the borrowed security. A short sale involves the theoretically unlimited risk of an increase in the market price of the security that would result in a theoretically unlimited loss.

Commodity Futures: Commodity futures markets are highly volatile. Alternative Investment Funds investing in these commodity markets must be able to analyse correctly such markets, which are influenced by, among other things, changing supply and demand relationships, weather, governmental, agricultural, commercial and trade programs and policies designed to influence commodity prices, world political and economic events, and changes in interest rates. Moreover, investments in futures and options contracts involve additional risks including, without limitation, leverage (margin is usually only 5-15 per cent. of the face value of the contract and exposure can be nearly unlimited). An Alternative Investment Fund's futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent an Alternative Investment Fund from promptly liquidating unfavourable positions and subject it to substantial losses.

Alternative Investment Fund compensation: An Alternative Investment Fund typically provides for a performance fee or allocation, over and above a basic advisory fee, to its general partner, Trading Advisor or person serving in an equivalent capacity. Performance fees or allocations could create an incentive for a Trading Advisor to choose riskier or more speculative underlying investments than would otherwise be the case.

"Soft Dollar" payments: In selecting brokers, banks and dealers to effect transactions on behalf of an Alternative Investment Fund, the relevant Trading Advisor may consider such factors as price, the ability of the brokers, banks and dealers to effect transactions promptly and reliably, their facilities, the operational efficiency with which transactions are effected, their financial strength, integrity and stability and the competitiveness of commission rates in comparison with other brokers, banks and dealers, as well as the quality, comprehensiveness and frequency of any products or services provided, or expenses paid, by such brokers, banks and dealers. Products and services may include research items used by the Trading Advisor in making investment decisions, and expenses may include general overhead expenses of the Trading Advisor. Such "soft dollar" benefits may cause an Alternative Investment Fund manager to execute a transaction with a specific broker, bank, or dealer even though it may not offer the lowest transaction fees. A Trading Advisor is not required to (i) obtain the lowest brokerage commission rates or (ii) combine or arrange orders to obtain the lowest brokerage commission rates on its brokerage business. If a Trading Advisor determines that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and research products or services provided by such broker, it may execute transactions for which such broker's commissions are greater than the

commissions another broker might charge. Such brokerage commissions may be paid to brokers who execute transactions for the relevant managed account and which supply, pay for or rebate a portion of the Alternative Investment Fund's brokerage commissions to Alternative Investment Funds for payment of the cost of property or services (such as research services, telephone lines, news and quotation equipment, computer facilities and publications) utilised by the relevant Trading Advisor or its affiliates. A Trading Advisor will have the option to use "soft dollars" generated by its investment activities to pay for the property and services described above. The term "soft dollars" refers to the receipt by a Trading Advisor of property and services provided by brokers (or futures commission merchants in connection with futures transactions) without any cash payment by such Trading Advisor based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the Trading Advisor. A Trading Advisor will consider the amount and nature of research services provided by brokers, as well as the extent to which such services are relied upon, and will attempt to allocate a portion of the brokerage business of the relevant managed account on the basis of those considerations.

Highly volatile markets: The prices of commodities contracts and all derivative instruments, including futures and options prices, are highly volatile. Price movements of forward contracts, futures contracts, and other derivative contracts in which Alternative Investment Funds may invest are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and U.S. and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. Alternative Investment Funds also are subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearing houses.

Investments in non-US and non-EU markets: A Trading Advisor may invest in securities of issuers that are not located, or subject to regulation, in the United States or the European Union, that are not USD-, GBP- or euro-denominated and that are not traded in the United States or the European Union. Such investments involve certain special risks, including risks associated with political and economic uncertainty, adverse governmental policies, restrictions on foreign investment and currency convertibility, currency exchange rate fluctuations, possible lower levels of disclosure and regulation, and uncertainties as to the status, interpretation and application of laws, including, but not limited to, those relating to expropriation, nationalisation and confiscation. Companies not located in the United States or the European Union are also not generally subject to uniform accounting, auditing and financial reporting standards, and auditing practices and requirements may not be comparable to those applicable to United States and European Union companies. Further, prices of securities not traded in the United States or the European Union, especially those securities traded in emerging or developing countries, tend to be less liquid and more volatile. In addition, settlement of trades in some such markets may be much slower and more subject to failure than in United States or European Union markets. An investment outside the United States and the European Union could impose additional costs on the relevant managed account. Brokerage commissions generally are higher outside the United States and the European Union and currency conversion costs could be incurred when a Trading Advisor changes investments from one country to another. Increased custodian costs as well as administrative difficulties (such as the applicability of laws of non-US and non-EU jurisdictions to non-US and non-EU custodians in various circumstances, including bankruptcy, ability to recover lost assets, expropriation, nationalisation and record access) may also arise from the maintenance of assets in jurisdictions outside the United States and the European Union.

Special risks associated with trading in forward contracts: Alternative Investment Funds may engage in forward trading. Forward contracts, unlike futures contracts, are not traded on exchanges and are not standardised, rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is

substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have been unable to quote prices for certain currencies or commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Alternative Investment Funds due to unusually high trading volume, political intervention or other factors. Market illiquidity or disruption could result in major losses to an Alternative Investment Fund.

Concentration of investments: Although an Alternative Investment Fund's investments may be diversified the Trading Advisor in respect of an Alternative Investment Fund may invest such Alternative Investment Fund's assets in a limited number of investments that may be concentrated in a few countries, industries, sectors of an economy or issuers. As a result, although investments by Alternative Investment Funds may be diversified, the negative impact on the value of the relevant Alternative Investment Fund from adverse movements in a particular country, economy or industry or in the value of the securities of a particular issuer could be considerably greater than if such Alternative Investment Fund were not permitted to concentrate its investments to such an extent.

Turnover: Alternative Investment Funds may invest on the basis of certain short-term market considerations. As a result, the turnover rate within Alternative Investment Funds is expected to be significant, potentially involving substantial brokerage commissions, fees and other transaction costs.

Operational and human error: The success of an Alternative Investment Fund depends in part upon the relevant Trading Advisor's accurate calculation of price relationships, the communication of precise trading instructions and ongoing position evaluations. In addition, a Trading Advisor's strategies may require active and ongoing management of durations and other variables, and dynamic adjustments to an Alternative Investment Fund's positions. There is the possibility that, through human error, oversight or operational weaknesses, mistakes could occur in this process and lead to significant trading losses and an adverse effect on the relevant net asset value.

Reliability of valuations: Alternative Investment Funds are valued pursuant to the Alternative Investment Fund's instrument governing such valuations. As a general matter, the governing instruments of Alternative Investment Funds provide that any securities or investments which are illiquid, not traded on an exchange or in an established market or for which no value can be readily determined, will be assigned such fair value as the respective investment managers may determine in their judgement based on various factors. Such factors include, but are not limited to, aggregate dealer quotes or independent appraisals. Such valuations may not be indicative of what actual fair market value would be in an active, liquid or established market.]

[Futures and Options

The Underlying may comprise or be linked to futures and/or options.

There are special risk considerations associated with an Underlying of which the performance is linked to futures, options or other derivative contracts. Depending on the nature of the underlying assets, reference rates or other derivatives to which they relate and on the liquidity in the relevant contract, the prices of such instruments may be highly volatile and hence risky in nature.]

[CTA Deposits

The Underlying may comprise or be linked to CTA Deposits.

A CTA Deposit is a margin investment account held with a bank and managed by a Commodity Trading Adviser registered with the US Commodity Futures Trading Commission or any other relevant regulatory authority, under terms that the Commodity Trading Adviser may engage in trading on a margin (leveraged or geared) basis in a variety of liquid financial instruments

including listed and unlisted futures, forwards and options relating to a variety of asset classes including but not limited to interest rates, fixed income securities, commodities, currencies and equities (and may also engage in trading directly in a number of such asset classes). Accordingly the risks relating to an exposure directly or indirectly to CTA Deposits will be a complicated function of the risks associated with the underlying asset class, the risks associated with the derivative or other instrument by which such exposure is assumed and the level of gearing.]

[Structured Finance Securities

The Underlying may comprise or be linked to structured finance securities.

Structured finance securities include, without limitation, asset-backed securities and portfolio credit-linked notes.

Asset-backed securities are securities primarily serviced, or secured, by the cash flows of a pool of receivables (whether present or future) or other underlying assets, either fixed or revolving. Such underlying assets may include, without limitation, residential and commercial mortgages, leases, credit card receivables as well as consumer and corporate debt. Asset-backed securities can be structured in different ways, including "true sale" structures, where the underlying assets are transferred to a special purpose entity, which in turn issues the asset-backed securities, and "synthetic" structures, in which not the assets, but only the credit risks associated with them are transferred through the use of derivatives, to a special purpose entity, which issues the asset-backed securities.

Portfolio credit-linked notes are securities in respect of which the payment of principal and interest is linked directly or indirectly to one or more managed or unmanaged portfolios of reference entities and/or assets (**reference credits**). Upon the occurrence of a credit-related trigger event (**credit event**) with respect to a reference credit (such as a bankruptcy or a payment default), a loss amount will be calculated (equal to, for example, the difference between the par value of an asset and its recovery value).

Asset-backed securities and portfolio credit-linked notes are usually issued in different tranches. Any losses realised in relation to the underlying assets or, as the case may be, calculated in relation to the reference credits are allocated first to the securities of the most junior tranche, until the principal of such securities is reduced to zero, then to the principal of the next lowest tranche, and so forth.

Accordingly, in the event that (a) in relation to asset-backed securities, the underlying assets do not perform and/or (b) in relation to portfolio credit-linked notes, any one of the specified credit events occurs with respect to one or more of the underlying assets or reference credits, this may affect the value of the relevant securities (which may be zero) and any amounts paid on such securities (which may be zero). This may in turn affect the value or amounts payable in respect of the Instruments. In addition the value of structured finance securities from time to time, and consequently the value or amounts payable in respect of the Instruments, may be adversely affected by macro economic factors such as adverse changes affecting the sector to which the underlying assets or reference credits belong (including industry sectors, services and real estate), economic downturns in the respective countries or globally, as well as circumstances related to the nature of the individual assets (for example, project finance loans are subject to risks connected to the respective project). The implications of such negative effects thus depend heavily on the geographic, sector-specific and type-related concentration of the underlying assets or reference credits. The degree to which any particular asset-backed security or portfolio credit-linked note is affected by such events will depend on the tranche to which such security relates; junior tranches, even having received investment grade rating, can therefore be subject to substantial risks.

Exposure to structured finance securities may entail a higher liquidity risk than exposure to sovereign or corporate bonds. In the absence of a liquid market for the respective structured finance securities, they may only be traded at a discount from face value and not at the fair value, which may in turn affect the value or amounts payable in respect of the Instruments.]

[Real Estate

The Underlying may comprise or be linked to real estate assets.

The Underlying may comprise or be linked to emerging market assets.

Exposure to emerging markets assets generally entails greater risks than exposure to well-developed markets, including potential significant legal economic and political risks.

Emerging markets are by definition "in transformation" and are therefore exposed to the risk of swift political changes and economic downturn. In recent years, many emerging market countries have undergone significant political, economic and social change. In many cases, political concerns have resulted in significant economic and social tensions and in some cases both political and economic instability has occurred. Political or economic instability may affect investor confidence, which could in turn have a negative impact on the prices of emerging market exchange rates, securities or other assets.

The prices of emerging market exchange rates, securities or other assets are often highly volatile. Movements in such prices are influenced by, among other things, interest rates, changing market supply and demand, external market forces (particularly in relation to major trading partners), trade, fiscal, monetary programmes, policies of governments, and international political and economic events and policies.

In emerging markets, the development of securities markets usually is at an early stage. This could lead to risks and practices (such as increased volatility) that are not common in more developed securities markets, which may negatively affect the value of securities listed on the exchanges of such countries. In addition, markets of emerging market countries are often characterised by illiquidity in the form of a low turnover of some of the listed securities.

It is important to note that, during times of global economic slowdown, emerging market exchange rates, securities and other assets are more likely than other forms of investment

[Commodities

The Underlying may comprise or be linked to commodities.

Prices of commodities are influenced by, among other things, various macro economic factors such as changing supply and demand relationships, weather conditions and other natural phenomena, agricultural, trade, fiscal, monetary, and exchange control programmes and policies of governments (including government intervention in certain markets) and other unforeseeable events.]

[Emerging Market Assets

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