

## IMPORTANT NOTICE

### IMPORTANT: You must read the following disclaimer before continuing

The following disclaimer applies to the attached prospectus accessed from this page or otherwise received as a result of such access (the **Prospectus**) and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

The Prospectus is only being provided to you at your request as a general explanation of the structure of the transaction described therein and is not intended to constitute or form part of an offer to sell or an invitation or solicitation of an offer to sell the notes described therein, nor shall it (or any part of it), or the fact of its distribution, form the basis of or be relied on in connection with any contract therefor.

You are reminded that the Prospectus has been delivered to you on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Prospectus to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the managers or any affiliate of the managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the managers or such affiliate on behalf of the Issuer in such jurisdiction.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF NOTES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S (**REGULATION S**) UNDER THE SECURITIES ACT) (SUCH PERSONS, **U.S. PERSONS**), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE ISSUER OF THE NOTES HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE **INVESTMENT COMPANY ACT**).

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

**Confirmation of Your Representation:** The Prospectus has been delivered to you on the basis that you are a person into whose possession this prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. By accessing the Prospectus, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the Prospectus by electronic transmission, (c) you are not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia and (d) if you are a person in the United Kingdom, then you are a person who (i) has professional experience in matters relating to investments or (ii) is a high net worth entity falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc) of the Financial Services and Markets Act (Financial Promotion) Order 2005, and any investment or investment activity to which this Prospectus relates is available only to, and will be engaged in only with, such persons.

The Prospectus has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of Sirius Funding plc, Barclays Bank PLC (or, in each case, any person who controls it or any director, officer, employee or agent of it, or affiliate of any such person) accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from us.

None of the Initial Purchaser nor any of its affiliates accepts any responsibility for any acts or omissions of the Trustee, the Obligor or any other person in connection with the Prospectus or the issue and offering of the Notes.

**Restrictions:** Nothing on this electronic transmission constitutes an offer of securities for sale in the United States or any other jurisdiction. Any securities to be issued have not been, and will not be registered under the Securities Act, as amended, or the securities laws of any state of the United States and may not be offered or sold in the United States or to or for the account or benefit of any U.S. person (as such terms are defined in Regulation S under the Securities Act) unless registered under the Securities Act or pursuant to an exemption from such registration.

The Collateral Manager intends to rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions that meet certain requirements. Consequently, the Notes may only be purchased by persons that are not "U.S. persons" (**Risk Retention U.S. Person**) as defined in the U.S. Risk Retention Rules. Prospective investors should note that the definition of "U.S. person" in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of U.S. person under Regulation S. Certain investors may be required by the Collateral Manager to execute a written certification of representation letter in respect of their status under the U.S. Risk Retention Rules. See "*Risk Factors – Risk Retention and Due Diligence*". Any purchase or transfer of the Notes in breach of this requirement will result in the affected Notes becoming subject to forced transfer provisions. Certain investors may be required to execute a written certification of representation letter by the Collateral Manager in respect of their status under the U.S. Risk Retention Rules. See "*Risk Factors – Regulatory Initiatives – U.S. Risk Retention Requirements*".

Notwithstanding anything herein to the contrary, each offeree (and each employee, representative, or other agent of such offeree) may disclose to any and all other persons, without limitation of any kind, the tax treatment and tax structure of the transactions described herein (including the ownership and disposition of the Notes) and all materials of any kind (including opinions or other tax analyses) that are provided to the offeree relating to such tax treatment and tax structure. However, any such information relating to the tax treatment or tax structure is required to be kept confidential to the extent reasonably necessary to comply with applicable federal or state laws. For purposes of this paragraph, the terms "tax treatment" and "tax structure" have the meaning given to such terms under United States Treasury Regulation Section 1.6011-4(c) and applicable state and local law.

## Sirius Funding plc

(incorporated in England and Wales with registered number 11192492)

**EUR 1,265,625,000 Class A1 Senior Secured Floating Rate Notes due 2039**  
**USD 1,527,525,000 Class A2 Senior Secured Floating Rate Notes due 2039**  
**GBP 1,125,000,000 Class A3 Senior Secured Floating Rate Notes due 2039**  
**GBP 1,125,000,000 Subordinated Notes due 2039**

The assets securing the Notes (as defined below) will consist primarily of a portfolio comprising the beneficial interest in the Collateral Debt Obligations and Related Security (each as defined herein) acquired pursuant to a declaration of trust under a vendor trust deed (the **Vendor Trust Deed**) between the Issuer and Barclays Bank PLC as vendor trustee (the **Vendor Trustee**). The Portfolio will be managed by Barclays Bank PLC as collateral manager (the **Collateral Manager**).

The initial issue price of the Notes will be 100%. The Initial Purchaser may offer the Notes at other prices as may be negotiated at the time of sale.

Sirius Funding plc (the **Issuer**) will issue the Senior Notes and the Subordinated Notes (each as defined herein).

The Senior Notes and the Subordinated Notes are collectively referred to herein as the **Notes**. The Notes will be issued and secured pursuant to a trust deed (the **Trust Deed**) dated 28 June 2018 (the **Issue Date**) made between (amongst others) the Issuer and U.S. Bank Trustees Limited, in its capacity as trustee (the **Trustee**).

Interest on the Senior Notes will accrue from the Issue Date (as defined above) and payments on the Notes will be made quarterly in arrears on 14 January, 14 April, 14 July and 14 October (as adjusted for non-Business Days) in each year, commencing on and including 14 October 2018 and ending on the Maturity Date (as defined below) in accordance with the Priorities of Payment described herein.

The Notes will be subject to optional redemption, mandatory redemption and Special Redemption as described herein. See Condition 6 (*Redemption and Purchase*).

See "*Risk Factors*" beginning on page 7 for a discussion of certain factors to be considered in connection with an investment in the Notes.

There is currently no public market for the Notes. This Prospectus does not constitute a prospectus for the purposes of Article 5 of Directive 2003/71/EC (as amended) (the **Prospectus Directive**). The Issuer is not offering the Notes in any jurisdiction in circumstances that would require a prospectus to be prepared pursuant to the Prospectus Directive. Application has been made to Euronext Dublin (**Euronext Dublin**) for the Notes to be admitted to the Official List (the **Official List**) and trading on the Global Exchange Market of Euronext Dublin (the **Global Exchange Market**). There can be no assurance that any such approval will be granted or, if granted, that such listing and admission to trading will be maintained. This Prospectus constitutes listing particulars for the purpose of this application. Application has been made to Euronext Dublin for the approval of this document as listing particulars.

The Notes are limited recourse obligations of the Issuer which are payable solely out of amounts received by or on behalf of the Issuer in respect of the Collateral (as defined herein). The net proceeds of the realisation of the security over the Collateral following an Event of Default (as defined herein) may be insufficient to pay all amounts due to the Noteholders (as defined herein) after making payments to other creditors of the Issuer ranking prior thereto or *pari passu* therewith. In the event of a shortfall in such proceeds, the Issuer will not be obliged to pay, and the other assets of the Issuer will not be available for payment of, such shortfall, all claims in respect of which shall be extinguished. See Condition 3 (*Security*).

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or with any securities regulatory authority of any state or other jurisdiction of the United States or any relevant jurisdiction. The Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. The Notes are not transferable except in accordance with the restrictions described herein under "*Transfer Restrictions*".

The Notes are being offered by the Issuer through Barclays Bank PLC in its capacity as initial purchaser of the offering of such Notes (the "**Initial Purchaser**") subject to prior sale, when, as and if delivered to and accepted by the Initial Purchaser and subject to certain conditions The Initial Purchaser may, on behalf of the Issuer, place the Notes at prices as may be negotiated at the time of sale and which may vary among different purchasers and which may be different to the issue price of the Notes.

Initial Purchaser

# **Barclays Bank PLC**

The date of this Prospectus is 28 June 2018

None of the Issuer, the Trustee nor any other party to a Transaction Document is providing tax advice to investors. Investors are advised to consult with their own tax advisors as to the tax consequences of the purchase, ownership, transfer or exercise of any Note in any relevant jurisdiction. In particular, no representation is made as to the manner in which payments under the Notes would be characterised by any relevant taxing authority.

*The Issuer accepts responsibility for the information contained in this Prospectus and, to the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in the Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The delivery of this Prospectus at any time does not imply that the information herein is correct at any time subsequent to the date of this Prospectus. The Collateral Manager accepts responsibility for the information contained in the section of this document headed “The Collateral Manager”. To the best of the knowledge and belief of the Collateral Manager (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. Barclays Services Limited (**ServCo**) accepts responsibility for the information contained in the section of this document headed “Barclays Services Limited”. To the best of the knowledge and belief of ServCo (which has taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.*

*The Issuer has only made very limited queries with regards to the accuracy and completeness of the information under the sections entitled “The Collateral Manager” and “Barclays Services Limited” in this Prospectus (the **Third Party Information**). This information has been accurately reproduced from publicly available information identified by Barclays Bank PLC and Barclays Services Limited, respectively, and, so far as the Issuer is aware, no facts have been omitted which would render the reproduced information inaccurate or misleading. Prospective investors in the Notes should not rely upon, and should make their own independent investigations and enquiries in respect of, the accuracy and completeness of the Third Party Information.*

*None of the Initial Purchaser, the Trustee, the Collateral Manager (save in respect of the section headed “The Collateral Manager), ServCo (save in respect of the section headed “Barclays Services Limited, the Collateral Administrator, the Calculation Agent, any Agent, the Vendor Trustee or any other party has separately verified the information contained in this Prospectus and, accordingly, none of the Initial Purchaser, the Trustee, the Collateral Manager, ServCo, the Collateral Administrator, the Vendor Trustee, any other Agent, the Calculation Agent or any other party (save for the Issuer as specified above) 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 further notice or other document which may at any time be supplied in connection with the Notes or their distribution or accepts any responsibility or liability therefor. None of the Initial Purchaser, the Trustee, the Collateral Manager, ServCo, the Collateral Administrator, the Calculation Agent, any other Agent, the Vendor Trustee or any other party 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 the Notes of any information coming to the attention of any of the aforementioned parties which is not included in this Prospectus. The Trustee accepts no responsibility for the accuracy or completeness of any information contained in this Prospectus.*

*This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Issuer, the Initial Purchaser or any of its affiliates, the Collateral Manager, the Collateral Administrator or any other person to subscribe for or purchase any of the Notes. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Initial Purchaser to inform themselves about and to observe any such restrictions. In particular, the communication constituted by this Prospectus is directed only at persons who (i) are outside the United Kingdom and are offered and accept this Prospectus in compliance with such restrictions or (ii) are persons falling within Article 49(2)(a) to (d) (High net worth companies,*

*unincorporated associations etc) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or who otherwise fall within an exemption set forth in such order so that Section 21(1) of the Financial Services and Markets Act 2000 (as amended) does not apply to the Issuer (all such persons together being referred to as **relevant persons**). This communication must not be distributed to, acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to relevant persons and will be engaged in only with relevant persons. For a description of certain further restrictions on offers and sales of Notes and distribution of this Prospectus, see "Subscription and Sale".*

*In connection with the issue and sale of the Notes, no person is authorised to give any information or to make any representation not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Initial Purchaser, the Trustee, the Collateral Manager, the Collateral Administrator, the Vendor Trustee or any other Agent. The delivery of this Prospectus at any time does not imply that the information contained in it is correct as at any time subsequent to its date.*

THE NOTES ARE NOT INTENDED TO BE SOLD AND SHOULD NOT BE SOLD TO RETAIL INVESTORS. FOR THESE PURPOSES, A RETAIL INVESTOR MEANS (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2002/92/EC, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU.

## INTERPRETATION

For a summary of the definitions of capitalised words and phrases used in this Prospectus, see Index of Defined Terms.

In this Prospectus, unless otherwise specified or the context otherwise requires, all references to **euro, EUR** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended, all references to **U.S. Dollars, U.S.\$, USD** and **\$** are to the lawful currency of the United States and all references to **Sterling, GBP** and **£** are to the lawful currency of the United Kingdom.

## EU RETENTION REQUIREMENTS

The transaction pursuant to the issuance of the Notes is not intended to comply with the EU Retention Requirements. None of the Issuer, the Collateral Manager, the Initial Purchaser, the Trustee, their respective Affiliates or any other person makes any representation, warranty or guarantee or shall have any liability to any prospective investor or any other person with respect to the intention of the transactions contemplated hereby to not satisfy the requirements of the EU Retention Requirements, the implementing provisions in respect of the EU Retention Requirements in their relevant jurisdiction or any other applicable legal, regulatory or other requirements. Each prospective investor in the Notes should consult with its own legal, accounting and other advisors and/or its national regulator to determine whether, and to what extent the requirements of the EU Retention Requirements or similar requirements may impact thereon. See "*Risk Factors – Basel III*" and of "*The Retention Requirements*".

## U.S. RETENTION REQUIREMENTS

The Collateral Manager has informed the Issuer that it does not intend to retain a risk retention interest contemplated by the U.S. Risk Retention Rules in connection with the transaction described in this Prospectus, or the Notes, in reliance on the Foreign Safe Harbor. None of the Trustee, the Initial Purchaser, any Agent or any other party provides any assurances regarding, or assumes any responsibility for, the Collateral Manager's compliance with the U.S. Risk Retention Rules prior to, on or after the Issue Date.

## VOLCKER RULE

Although the Issuer intends to qualify for the "loan securitization exemption" from the prohibitions of Section 619 of the Dodd-Frank Act and the corresponding implementing rules (the **Volcker Rule**"), each investor in the Notes must make its own determination as to whether it is subject to the Volcker Rule, whether its investment in the Notes would be restricted or prohibited under the Volcker Rule, and the potential impact of the Volcker Rule on its investment, any liquidity in connection therewith and on its portfolio generally. See "*Risk Factors – Volcker Rule*".

### Information as to placement within the United States

The Issuer has not been and will not be registered under the Investment Company Act. The Senior Notes of each Class will be sold outside of the United States to non-U.S. Persons in reliance on Regulation S and will each be represented on issue by beneficial interests in one or more permanent global certificates of such Class (each a **Global Certificate** and together, the **Global Certificates**) in fully registered form, without interest coupons or principal receipts, which will be deposited on or about the Issue Date with, and registered in the name of a common depository for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**). Ownership interests in the Global Certificates will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear or Clearstream, Luxembourg, respectively, and their respective participants. The Subordinated Noteholder may elect to hold the Subordinated Notes in definitive form. The Senior Notes will be issued in definitive form only in limited circumstances. In each case, purchasers and transferees of notes will be deemed or required, as the case may be, to have made certain representations and agreements. See "*Form of the Notes*", "*Book-Entry Clearance Procedures*", "*Subscription and Sale*".

The Notes may not be purchased by any person except for persons that are not Risk Retention U.S. Persons. Purchasers and transferees of the Notes, including beneficial interests therein, will be deemed and in certain circumstances will be required to have made certain representations and agreements, including that each purchaser or transferee (a) is not a Risk Retention U.S. Person, (b) it is acquiring such Notes for its own account and not with a view to distribute such Notes and (c) it is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section 20 of the U.S. Risk Retention Rules). Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is substantially similar to, but not identical to the definition of U.S. person under Regulations S. Certain investors may be required by the Collateral Manager to execute a written certification of representation letter in respect of their status under the U.S. Risk Retention Rules. See "*Risk Factors – Risk Retention and Due Diligence*" and "*Transfer Restrictions*".

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Notes and the offering thereof described herein, including the merits and risks involved.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH, OR APPROVED BY, ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

This Prospectus has been prepared by the Issuer solely for use in connection with the application for listing and permission to deal in the Notes on the Global Exchange Market of Euronext Dublin. Each of the Issuer and the Initial Purchaser reserves the right to reject any offer to purchase Notes in whole or in part for any reason, or to sell less than the stated initial principal amount of any Class of Notes offered hereby. This Prospectus is personal to each offeree to whom it has been delivered by the Issuer, the Initial Purchaser or

any affiliate thereof and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes. Distribution of this Prospectus to any persons other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited.

### **General Notice**

EACH PURCHASER OF THE NOTES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN EACH JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS SUCH NOTES OR POSSESSES OR DISTRIBUTES THIS PROSPECTUS AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED FOR THE PURCHASE, OFFER OR SALE BY IT OF SUCH NOTES UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTIONS TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES, AND NONE OF THE ISSUER, THE INITIAL PURCHASER, THE COLLATERAL MANAGER (OR ANY OF THEIR AFFILIATES), THE TRUSTEE OR THE COLLATERAL ADMINISTRATOR SPECIFIED HEREIN SHALL HAVE ANY RESPONSIBILITY THEREFOR.

THE NOTES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER APPLICABLE LAWS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

### **PRIIPS Regulation / Prohibition on Sales to EEA Retail Investors**

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (EEA). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

### **MiFID II product governance / Professional investors and ECPs only target market**

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.



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## OVERVIEW

*The following overview does not purport to be complete and is qualified in its entirety by reference to the detailed information appearing elsewhere in this Prospectus and related documents referred to herein. Capitalised terms not specifically defined in this Overview are defined elsewhere in this Prospectus or in the Index of Defined Terms. References to a Condition are to the specified Condition in the "Terms and Conditions of the Notes" below and references to Conditions of the Notes are to the "Terms and Conditions of the Notes" below. For a discussion of certain risk factors to be considered in connection with an investment in the Notes, see "Risk Factors".*

<b>Issuer</b>	Sirius Funding plc is a public limited company incorporated under the laws of England and Wales.
<b>Collateral Manager</b>	Barclays Bank PLC.
<b>Trustee</b>	U.S. Bank Trustees Limited.
<b>Initial Purchaser</b>	Barclays Bank PLC.
<b>Collateral Administrator</b>	Elavon Financial Services DAC, UK Branch.

### Notes

<b>Class of Notes</b>	<b>Principal Amount</b>	<b>Stated Interest Rate</b>	<b>Moody's Rating<sup>1</sup></b>	<b>Scope Rating<sup>1</sup></b>	<b>Stated Maturity</b>	<b>Initial Offer Price<sup>2</sup></b>
Class A1 Senior	EUR 1,265,625,000	3 month EURIBOR + 1.4%	Aaa(sf)	AAASF	14 July 2039	100%
Class A2 Senior	USD 1,527,525,000	3 month USD- LIBOR + 1.4%	Aaa(sf)	AAASF	14 July 2039	100%
Class A3 Senior	GBP 1,125,000,000	3 month GBP- LIBOR + 1.4%	Aaa(sf)	AAASF	14 July 2039	100%
Subordinated <sup>3</sup>	GBP 1,125,000,000	N/A	N/A	N/A	14 July 2039	100%

<sup>1</sup> The Moody's ratings on the Senior Notes address the expected loss posed to investors by the legal final maturity. Scope's ratings on the Senior Notes reflect the expected loss associated with payments contractually promised by an instrument on a particular payment date or by its legal maturity. A security rating is not a recommendation to buy, sell or hold the Senior Notes and may be subject to revision, suspension or withdrawal at any time by the Rating Agency. It is a condition of the issuance and sale of the Senior Notes that they be assigned with at least such ratings stated above.

<sup>2</sup> The Initial Purchaser may offer the Notes at other prices as may be negotiated at the time of sale.

<sup>3</sup> Distributions on the Subordinated Notes may be made in Euros, Sterling and/or U.S. Dollars. See Condition 5(d) (*Interest on the Subordinated Notes*).

**Eligible Purchasers**

The Notes of each Class will be offered outside of the United States to non-U.S. Persons in "offshore transactions" in reliance on Regulation S.

**Distributions on the Notes**

***Payment Dates***

14 January, 14 April, 14 July and 14 October of each year, commencing on and including 14 October 2018 and ending on and including the Maturity Date (in each case, subject to adjustment for non-Business Days in accordance with the Conditions of the Notes).

***Stated Note Interest***

Interest in respect of the Senior Notes will be payable quarterly in arrear on each Payment Date in accordance with the Interest Proceeds Priority of Payments.

***Failure to Pay Interest***

Failure on the part of the Issuer to pay the Interest Amounts due and payable on any Class of Notes shall not be an Event of Default (a) unless and until such failure continues for a period of at least five Business Days (or, if such failure results from an administrative error, such failure continues for a period of at least seven Business Days) and (b) save, in each case, as the result of any deduction therefrom or the imposition of any withholding tax thereon as set out in Condition 8 (*Taxation*).

***Interest on the Subordinated Notes***

Non-payment of interest amounts due and payable on the Subordinated Notes as a result of the insufficiency of available Interest Proceeds will not constitute an Event of Default.

**Redemption of the Notes**

Principal payments on the Notes may be made subject to the more detailed provisions of Condition 6 (*Redemption and Purchase*) in the following circumstances:

- (a) on the Maturity Date (see Condition 6(a) (*Final Redemption*))
- (b) on any Business Day at the option of the Subordinated Noteholders acting by Extraordinary Resolution provided that the liquidation proceeds from such proposed liquidation of the Collateral are held by or on behalf of the Issuer in immediately available funds not later than one Business Day immediately prior to the scheduled Redemption Date and are at least equal to the Redemption Threshold Amount (see Condition 6(b) (*Redemption at the Option of the Subordinated Noteholders*));
- (c) on any Payment Date following the Acquisition Date, where on the related Determination Date the Senior Par Value Test is breached (see Condition 6(c) (*Redemption upon Breach of Senior Par Value Test*));

- (d) after the Reinvestment Period, on each Payment Date out of Principal Proceeds (see Condition 6(e) (*Redemption Following Expiry of the Reinvestment Period*));
- (e) on any Payment Date during the Reinvestment Period, upon the recommendation of the Collateral Manager (acting on behalf of the Issuer) following written notification by the Collateral Manager to the Trustee that it is unable, having used reasonable efforts, to identify additional Collateral Debt Obligations which meet the Eligibility Criteria or, to the extent applicable, the Reinvestment Criteria in sufficient amounts in which to invest or reinvest all or a portion of the funds in the Principal Account (see Condition 6(d) (*Special Redemption*));
- (f) upon the occurrence of a Note Tax Event, on any Payment Date falling after such occurrence, by the Senior Noteholders or Subordinated Noteholders, in each case, acting by Extraordinary Resolution subject to (x) the Issuer having failed to cure the Note Tax Event, and (y) certain minimum time periods (see Condition 6(f) (*Redemption following Note Tax Event*)); and
- (g) at any time following an Event of Default which occurs and is continuing and has not been cured (see Condition 9 (*Events of Default*)).

## **Optional Redemption**

### ***Optional Redemption***

Subject to the provisions of Condition 6(b) (*Redemption at the Option of the Subordinated Noteholders*), the Notes of each Class are redeemable by the Issuer, in whole but not in part, at the applicable Redemption Prices (see below) from the proceeds of liquidation or realisation of the Collateral on any Business Day, as directed by the Subordinated Noteholders acting by Extraordinary Resolution.

The Notes are also subject to redemption, in whole but not in part, subject to certain conditions, at the option of the Senior Noteholders or the Subordinated Noteholders subject to Condition 6(b) (*Redemption at the Option of the Subordinated Noteholders*) and Condition 6(f) (*Redemption following Note Tax Event*).

### ***Redemption Prices***

The Redemption Price of the Senior Notes will be (a) 100% of the Principal Amount Outstanding of the Notes to be redeemed plus (b) accrued and unpaid interest thereon to the day of redemption.

The Redemption Price for each Subordinated Note will be its *pro rata* share (calculated in accordance with Condition 2(f)(F) (*Application of Principal Proceeds*)) of the aggregate proceeds of

liquidation of the Collateral, or realisation of the security thereover which are payable in respect of such Subordinated Notes pursuant to the Priorities of Payment.

**Priorities of Payment**

Interest Proceeds and Principal Proceeds will be applied on each Payment Date in accordance with the Priorities of Payment.

***Interest Proceeds Priority of Payments***

The Interest Proceeds Priority of Payments are set out in Condition 2(d) (*Application of Interest Proceeds*).

***Principal Proceeds Priority of Payments***

The Principal Proceeds Priority of Payments are set out in Condition 2(f) (*Application of Principal Proceeds*).

**Fees**

***Senior Management Fee and Subordinated Management Fee:***

Such fees as agreed between the Issuer and the Collateral Manager and paid pursuant to the Priorities of Payment. The Senior Management Fee will be paid in accordance with the Priorities of Payment after the payment of Trustee Fees and Expenses and Administrative Expenses and before the payment of interest and principal to the Noteholders. The Subordinated Management Fee will be paid ahead of payments to the Subordinated Noteholders. The Collateral Manager may, in respect of any Payment Date, waive payment of the Senior Management Fee and/or the Subordinated Management Fee in whole or in part in its absolute discretion, which it intends to do on or about the Issue Date.

**Vendor Trust Deed**

The Vendor Trust Deed will set out the terms for the acquisition of the beneficial interest in Collateral Debt Obligations and Related Security by the Issuer from the Vendor and the relinquishment by the Issuer of the beneficial interest in certain of the Collateral Debt Obligations and Related Security and the reinvestment of Principal Proceeds received in Substitute Collateral Debt Obligations and Related Security, in each case in accordance with the criteria set out in the Collateral Management Agreement. Please see "*Description of the Vendor Trust Deed*".

**Security for the Notes**

***General***

The Notes will be secured in favour of the Trustee for the benefit of the Secured Parties by security over a portfolio of Collateral Debt Obligations consisting of the beneficial interest in the Collateral Debt Obligations, their Related Security and the Collection Account acquired pursuant to the Vendor Trust Deed. The Notes will also be secured by an assignment by way of security of various of the Issuer's other rights, including its rights under certain of the agreements described herein. See Condition 3 (*Security*).

**Collateral Manager**

Pursuant to the Collateral Management Agreement:

- (i) the Collateral Manager is required to act as the Issuer's collateral manager with respect to the Portfolio, to act in

specific circumstances in relation to the Portfolio on behalf of the Issuer and to carry out the duties and functions set out therein; and

- (ii) the Issuer delegates authority to the Collateral Manager to carry out certain functions in relation to the Portfolio and the hedging arrangements without the requirement for specific approval by the Issuer, the Collateral Administrator or the Trustee.

On the Issue Date, the Collateral Manager will acquire the Notes in its capacity as Initial Purchaser pursuant to the Subscription Agreement. Other than as provided in "*Risk Retention*", prospective Noteholders should note that there is no obligation on the Collateral Manager, its Affiliates or any fund managed by the Collateral Manager or its Affiliates to hold, or ensure the holding of, any or all of the Notes. See "*Description of the Collateral Management Agreement*".

**Risk Retention:**

The transaction pursuant to the issuance of the Notes is not intended to comply with the EU Retention Requirements.

**Management Criteria**

*Eligibility Criteria*

In order to qualify as a Collateral Debt Obligation, an obligation must satisfy certain specified Eligibility Criteria specified in the Collateral Management Agreement on the relevant Trust Date. See "*The Management Criteria*". If a Collateral Debt Obligation does not meet the Eligibility Criteria on the relevant Trust Date the Vendor Trustee shall re-acquire the beneficial interest in such Collateral Debt Obligation from the Issuer at the price at which the Issuer acquired the beneficial interest therein.

**Collateral Quality Tests**

The Collateral Quality Tests will comprise the following:

- (a) so long as the Senior Notes are rated by Moody's and are Outstanding:
  - (i) the Moody's Maximum Weighted Average Rating Factor Test; and
  - (ii) the Moody's Minimum Weighted Average Recovery Rate Test; and
- (b) so long as any Notes are Outstanding:
  - (i) the Minimum Weighted Average Spread Test; and
  - (ii) the Weighted Average Maturity Test.

**Portfolio Profile Tests**

The Portfolio Profile Tests will consist of certain concentration

limitations as set out in the Collateral Management Agreement. See "*The Management Criteria*".

**Senior Par Value Test**

The Senior Par Value Test for a Class of Senior Notes shall be satisfied on a Measurement Date if the corresponding Senior Par Value Ratio is at least equal to 118%.

**Authorised Denominations**

The Notes will be issued in minimum denominations of:

- (a) in respect of the Class A1 Senior Notes EUR 500,000 and integral multiples of EUR 1,000 in excess thereof;
- (b) in respect of the Class A2 Senior Notes, USD 500,000 and integral multiples of USD 1,000 in excess thereof; and
- (c) in respect of the Class A3 Senior Notes and the Subordinated Notes, GBP 500,000 and integral multiples of GBP 1,000 in excess thereof.

**Form, Registration and Transfer of the Notes**

The Notes will be sold outside the United States to non-U.S. Persons in reliance on Regulation S and will be represented on issue by beneficial interests in one or more Global Certificates in fully registered form, unless the Subordinated Noteholder elects to hold the Subordinated Notes in definitive form, without interest coupons or principal receipts, which will be deposited on or about the Issue Date with, and registered in the name of, a common depository for Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme*.

Beneficial interests in a Global Certificate may be held only through, and transfers thereof will only be effected through, records maintained by Euroclear or Clearstream, Luxembourg at any time. See "*Form of the Notes*" and "*Book-Entry Clearance Procedures*". Interests in any Senior Note may not at any time be held by or on behalf of any U.S. Person or person in the United States. See "*Transfer Restrictions*".

In respect of the Senior Notes, except in the limited circumstances described herein, Notes in definitive, fully registered form (**Definitive Certificates**) will not be issued in exchange for beneficial interests in the Global Certificates. The Subordinated Noteholder may elect to hold the Subordinated Notes in definitive form. See "*Form of the Notes – Exchange for Definitive Certificates*".

Transfers of interests in the Notes are subject to certain restrictions and must be made in accordance with the procedures set forth in the Agency Agreement. See "*Form of the Notes*", "*Book-Entry Clearance Procedures*" and "*Transfer Restrictions*". Each purchaser of Notes in making its purchase will be required to make, or will be deemed to have made, certain acknowledgements, representations and agreements. See "*Transfer Restrictions*". The transfer of Notes in breach of

certain of such representations and agreements will result in affected Notes becoming subject to certain forced transfer provisions. See Condition 1(h) (*Forced Transfer pursuant to U.S. Retention Rules*).

## **Ratings**

Ratings are expected to be assigned to the Senior Notes as set out above by Moody's Investors Service Ltd and by Scope Ratings GmbH on or before the Issue Date.

Moody's Investors Service Ltd. and Scope Ratings GmbH are established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such Moody's Investors Service Ltd. and Scope Ratings GmbH are included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

## **Governing Law**

The Notes, the Trust Deed, the Collateral Management Agreement, the Agency Agreement, the Vendor Trust Deed, the Subscription Agreement and all other Transaction Documents and any non-contractual obligations arising out of or in connection with them shall be governed by English law.

## **Listing**

Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and trading on its Global Exchange Market, which is not a regulated market for the purposes of Directive 2004/39/EC. There can be no assurance that the Notes will be listed on the Official List of Euronext Dublin, that such permission to deal in the Notes will be granted or that such listing will be maintained. See "*General Information*".

## **Withholding Tax**

The Issuer is not and shall not be under any obligation to gross up in respect of any payments to the Noteholders that may become subject to a withholding tax. See Condition 8 (*Taxation*).

The Notes are subject to redemption at the option of the Senior Noteholders or the Subordinated Noteholders, each acting by Extraordinary Resolution, following the occurrence of a Note Tax Event, subject to (i) the Issuer having failed to change the territory in which it is resident for tax purposes or determining, or the Collateral Manager on its behalf determining, that such a change would have an adverse tax effect on the Issuer or the Portfolio, and (ii) certain minimum time periods. See Condition 6(f) (*Redemption following Note Tax Event*).

## **Additional Issuances**

Subject to certain conditions being met, additional Notes of each existing Class may be issued and sold. See Condition 16.

## **Volcker Rule**

The Issuer intends to qualify for the "loan securitization



exemption" from the prohibitions of Section 619 of the Dodd-Frank Act and the corresponding implementing rules (the **Volcker Rule**). Each investor in the Notes must make its own determination as to whether it is subject to the Volcker Rules, whether its investment in the Notes would be restricted or prohibited under the Volcker Rule, and the potential impact of the Volcker on its investment, any liquidity in connection therewith and in its portfolio generally. See "*Risk Factors - Volcker Rule*".

## **RISK FACTORS**

An investment in the Notes of any Class involves certain risks, including risks relating to the Collateral securing such Notes and risks relating to the structure and rights of such Notes and the related arrangements. Prospective investors should carefully consider the following factors, in addition to the matters set forth elsewhere in this Prospectus, prior to investing in any Notes. Terms not defined in this section and not otherwise defined above have the meanings set out in the Index of Defined Terms.

### **1 GENERAL**

#### **1.1 General**

It is intended that the Issuer will invest in Collateral Debt Obligations with certain risk characteristics as described below and subject to the matters described in "*The Issuer*". There can be no assurance that the Issuer's investments will be successful, that its investment objectives will be achieved, that the Noteholders will receive the full amounts due and payable by the Issuer under the Notes or that they will receive any return on their investment in the Notes. Prospective investors are therefore advised to review this entire Prospectus carefully and should consider, among other things, the risk factors set out in this section before deciding whether to invest in the Notes. Except as is otherwise stated below, such risk factors are generally applicable to all Classes of Notes, although the degree of risk associated with each Class of Notes will vary in accordance with the position of such Class of Notes in the Priorities of Payment. See Condition 2(c) (*Priorities of Payment*). Neither the Initial Purchaser nor the Trustee undertakes to review the financial condition or affairs of the Issuer or the Collateral Manager during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Initial Purchaser or the Trustee which is not included in this Prospectus.

#### **1.2 Suitability**

Prospective purchasers of the Notes of any Class should ensure that they understand the nature of such Notes and the extent of their exposure to risk, that they have sufficient knowledge, experience and access to professional advisers to make their own legal, tax, accounting and financial evaluation of the merits and risks of investment in such Notes and that they consider the suitability of such Notes as an investment in light of their own circumstances and financial condition and that of any accounts for which they are acting.

None of the Issuer, the Trustee nor any other party to a Transaction Document is providing tax advice to investors. Investors are advised to consult with their own tax advisors as to the tax consequences of the purchase, ownership, transfer or exercise of any Note in any relevant jurisdiction. In particular, no representation is made as to the manner in which payments under the Notes would be characterised by any relevant taxing authority.

#### **1.3 Limited Sources of Funds to Pay Expenses of the Issuer**

The funds available to the Issuer to pay its expenses on any Payment Date are limited as provided in the Priorities of Payment. In the event that such funds are not sufficient to pay the expenses incurred by the Issuer, the ability of the Issuer to operate effectively may be impaired. In addition, the Issuer may not be able to defend or prosecute legal proceedings brought against it or which it might otherwise bring to protect its interests or be able to pay the expenses of legal proceedings against persons whom the Issuer has indemnified.

#### 1.4 Business and Regulatory Risks for Vehicles with Investment Strategies such as the Issuer's

Legal, tax and regulatory changes could occur over the course of the life of the Notes that may adversely affect the Issuer. The regulatory environment for vehicles of the nature of the Issuer is evolving, and changes in regulation may adversely affect the value of investments held by the Issuer and the ability of the Issuer to obtain the leverage it might otherwise obtain or to pursue its investment and trading strategies. In addition, the securities and derivatives markets are subject to comprehensive statutes, regulations and margin requirements. Certain regulators and self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and vehicles that engage in such transactions is an evolving area of law and is subject to modification by government and judicial action. The effect of any future regulatory change on the Issuer could be substantial and adverse.

#### 1.5 Events in the Corporate Loan and Leveraged Finance Markets

Over the past several years, European financial markets have experienced volatility and have been adversely affected by concerns over economic contraction in certain EU member states (the **Member States**), rising government debt levels, credit rating downgrades and risk of default or restructuring of government debt. These events could cause bond yields and credit spreads to increase.

Many European economies continue to suffer from high rates of unemployment. This economic climate may have an adverse effect on the ability of consumers and businesses to repay or refinance their existing debt.

As discussed further in 1.6 (*Euro and Eurozone Risk*) below, it is possible that countries that have adopted the Euro could return to a national currency. The effect on a national economy as a result of it leaving the Euro is impossible to predict but is likely to be negative. The exit of one or more countries from the Euro zone could have a destabilising effect on all European economies and possibly the global economy as well.

Significant risks for the Issuer and investors exist as a result of current economic conditions. These risks include, among others: (a) the likelihood that the Issuer will find it more difficult to sell any of its assets or to purchase new assets in the secondary market, (b) the possibility that, on or after the Issue Date, the price at which assets can be sold by the Issuer will have deteriorated from their effective purchase price and (c) the illiquidity of the Notes. These additional risks may affect the returns on the Notes to investors and/or the ability of investors to realise their investment in the Notes prior to their Maturity Date, or at all. In addition, the primary market for a number of financial products including leveraged loans has not fully recovered from the effects of the global credit crisis. As well as reducing opportunities for the Issuer to purchase assets in the primary market, this is likely to increase the refinancing risk in respect of maturing assets. Although there have recently been signs that the primary market for certain financial products is recovering, particularly in the United States of America, the impact of the economic crisis on the primary market may adversely affect the flexibility of the Collateral Manager to invest and, ultimately, reduce the returns on the Notes to investors.

Difficult macro-economic conditions may adversely affect the rating, performance and the realisation value of the Collateral. Default rates on loans and other investments may continue to fluctuate and accordingly the performance of many collateralised loan obligation (**CLO**) transactions and other types of investment vehicles may suffer as a result. It is also possible that the Collateral will experience higher default rates than anticipated and that performance will suffer.

The ability of the Issuer to make payments on the Notes can depend on the general economic climate and the state of the global economy. The business, financial condition or results of operations of the

Obligors of the Collateral Debt Obligations may be adversely affected by a deterioration of economic and business conditions. To the extent that economic and business conditions deteriorate or fail to improve, non-performing assets are likely to increase, and the value and collectability of the Collateral Debt Obligations are likely to decrease. A decrease in market value of the Collateral Debt Obligations would also adversely affect the Sale Proceeds that could be obtained upon the sale of the Collateral Debt Obligations and could ultimately affect the ability of the Issuer to pay in full or redeem the Senior Notes, as well as the ability to make any distributions in respect of the Subordinated Notes.

Many financial institutions including banks continue to suffer from capitalisation issues in a regulatory environment which may increase the capital requirements for certain businesses. The bankruptcy or insolvency of a major financial institution may have an adverse effect on the Issuer, particularly if such financial institution is a grantor of a participation in an asset or is a hedge counterparty to a swap or hedge involving the Issuer or a counterparty to a buy or sell trade that has not settled with respect to an asset. The bankruptcy or insolvency of another financial institution may result in the disruption of payments to or by the Issuer. In addition, the bankruptcy or insolvency of one or more additional financial institutions may trigger additional crises in the global credit markets and overall economy which could have a significant adverse effect on the Issuer, the Collateral and the Notes. The global credit crisis and its consequences together with the perceived failure of the preceding financial regulatory regime, continue to drive legislation and regulators towards a restrictive regulatory environment, including the implementation of further regulation which affects financial institutions, markets, instruments and the bond market. Such additional rules and regulations could, among other things, adversely affect Noteholders as well as the flexibility of the Collateral Manager in managing and administering the Collateral. Increasing capital requirements and changing regulations may also result in some financial institutions exiting, curtailing or otherwise adjusting some trading, hedging or investment activities which may have effects on the liquidity of investments such as the Notes as well as the Collateral.

While it is possible that current conditions may improve for certain sectors of the global economy, there can be no assurance that the CLO, leveraged finance or structured finance markets will recover from an economic downturn at the same time or to the same degree as such other recovering sectors.

Illiquidity in the collateralised debt obligation, leveraged finance and fixed income markets may affect the Noteholders

In previous years, events in the collateralised debt obligation (including CLO), leveraged finance and fixed income markets have resulted in substantial fluctuations in prices for leveraged loans and high-yield debt securities and limited liquidity for such instruments. No assurance can be made that conditions giving rise to similar price fluctuations and limited liquidity may not emerge following the Issue Date. During periods of limited liquidity and higher price volatility, the Issuer's ability to acquire or dispose of Collateral Debt Obligations at a price and time that the Issuer deems advantageous may be severely impaired. As a result, in periods of rising market prices, the Issuer may be unable to participate in price increases fully to the extent that it is unable to acquire desired positions quickly; and the Issuer's inability to dispose fully and promptly of positions in declining markets may exacerbate losses suffered by the Issuer when Collateral Debt Obligations are sold. Furthermore, significant additional risks for the Issuer and investors in the Notes may exist. Such risks include, among others, (i) the possibility that, after the Issue Date, the prices at which Collateral Debt Obligations can be sold by the Issuer may deteriorate from their purchase price, (ii) the possibility that opportunities for the Issuer to sell its Collateral Debt Obligations in the secondary market, including Credit Impaired Obligations and Defaulted Obligations, may be impaired, and (iii) increased illiquidity of the Notes because of reduced secondary trading in CLO securities. These additional risks may affect the returns on the Notes to investors or otherwise adversely affect Noteholders.

## 1.6 Euro and Eurozone Risk

The ongoing deterioration of the sovereign debt of several countries together with the risk of contagion to other, more stable, countries, particularly France and Germany, has exacerbated the global economic crisis. This situation has also raised a number of uncertainties regarding the stability and overall standing of the European Economic and Monetary Union and may result in changes to the composition of the Eurozone. The economic crisis in Greece is particularly acute and topical.

As a result of the credit crisis in Europe, in particular in Cyprus, Greece, Ireland, Italy, Portugal and Spain, the European Commission created the European Financial Stability Facility (the **EFSF**) and the European Financial Stability Mechanism (the **EFSM**) to provide funding to Eurozone countries in financial difficulties that seek such support. In March 2011, the European Council agreed on the need for Eurozone countries to establish a permanent stability mechanism, the European Stability Mechanism (the **ESM**), which was activated by mutual agreement, to assume the role of the EFSF and the EFSM in providing external financial assistance to Eurozone countries from 1 July 2013.

Despite these measures, concerns persist regarding the growing risk that other Eurozone countries could be subject to an increase in borrowing costs and could face an economic crisis similar to that of Cyprus, Greece, Ireland, Italy, Portugal and Spain, together with the risk that some countries could leave the Eurozone (either voluntarily or involuntarily), and that the impact of these events on Europe and the global financial system could be severe which could have a negative impact on the Collateral.

Furthermore, concerns that the Eurozone sovereign debt crisis could worsen may lead to the reintroduction of national currencies in one or more Eurozone countries or, in more extreme circumstances, the possible dissolution of the Euro entirely. The departure or risk of departure from the Euro by one or more Eurozone countries and/or the abandonment of the Euro as a currency could have major negative effects on the Issuer, the Collateral (including the risks of currency losses arising out of redenomination and related haircuts on any affected assets) and the Notes. Should the Euro dissolve entirely, the legal and contractual consequences for holders of Euro-denominated obligations (including the Notes) would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Notes. It is difficult to predict the final outcome of the Eurozone crisis. Investors should carefully consider how changes to the Eurozone may affect their investment in the Notes.

## 1.7 United Kingdom Referendum on Membership of the European Union

On 23 June 2016 the United Kingdom (the **UK**) held a referendum to decide on the UK's membership of the European Union. The UK vote was to leave the European Union and the UK Government invoked article 50 of the Lisbon Treaty relating to withdrawal on 29 March 2017. Under article 50, the Treaty on the European Union and the Treaty on the Functioning of the European Union cease to apply in the relevant state from the date of entry into force of a withdrawal agreement, or, failing that, two years after the notification of intention to withdraw, although this period may be extended in certain circumstances. There are a number of uncertainties in connection with the future of the UK and its relationship with the European Union. The negotiation of the UK's exit terms is likely to take a number of years. Until the terms and timing of the UK's exit from the European Union are clearer, it is not possible to determine the impact that the referendum, the UK's departure from the European Union and/or any related matters may have on the business of the Issuer (including the performance of the loans), the Collateral Manager, one or more of the other parties to the Transaction Documents or any Obligor, or on the regulatory position of any such entity or of the transactions contemplated by the Transaction Documents under European Union regulation or more generally. As such, no assurance can be given that such matters would not adversely affect

the ability of the Issuer to satisfy its obligations under the Refinancing Notes and/or the market value and/or the liquidity of the Refinancing Notes in the secondary market.

## **1.8 Reliance on Rating Agency Ratings**

The Dodd-Frank Act requires that U.S. federal banking agencies amend their regulations to remove reference to or reliance on credit agency ratings, including but not limited to those found in the federal banking agencies' risk-based capital regulations. New regulations have been proposed but have not yet been fully implemented in all respects. When such regulations are fully implemented, investments in asset-backed securities like the Notes by such institutions may result in greater capital charges to financial institutions that own such securities, or otherwise adversely affect the treatment of such securities for regulatory capital purposes. Furthermore, all prospective investors in the Notes whose investment activities are subject to legal investment laws and regulations, regulatory capital requirements, or review by regulatory authorities should consult with their own legal, accounting and other advisors in determining whether, and to what extent, the Notes will constitute legal investments for them or are subject to investment or other regulatory restrictions, unfavourable accounting treatment, capital charges or reserve requirements.

## **1.9 Changes or uncertainty in respect of LIBOR, EURIBOR and other interest rate benchmarks may affect the value or payment of interest under the Collateral Debt Obligations or the Notes**

Various interest rate benchmarks (including the London Inter-Bank Offered Rate (**LIBOR**) and the Euro Interbank Offered Rate (**EURIBOR**)) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented including Regulation (EU) 2016/1011. In addition, the sustainability of LIBOR has been questioned by the UK Financial Conduct Authority as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. These reforms and other pressures may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted.

Investors should be aware that:

- (a) any of the international, national or other measures or proposals for reform, or general increased regulatory scrutiny of “benchmarks” could have a material adverse effect on the costs and risks of administering or otherwise participating in the setting of a “benchmark” and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain “benchmarks”, trigger changes in the rules or methodologies used in certain “benchmarks” or lead to the disappearance of certain “benchmarks”;
- (b) any of these changes or any other changes to a relevant interest rate benchmark (including LIBOR or EURIBOR) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be;
- (c) if the applicable rate of interest on any Collateral Debt Obligation is calculated with reference to a benchmark (or currency or tenor) which is discontinued, such rate of interest will then be determined by the provisions of the affected Collateral Debt Obligation, which may include determination by the relevant calculation agent in its discretion;
- (d) in the case of a change to EURIBOR or LIBOR (as applicable), if the EURIBOR or LIBOR (as applicable) benchmarks referenced in the Condition 5 (*Interest*) is discontinued, interest on the Senior Notes will be calculated under Condition 5(c) (*Floating Rate of Interest*). In general, fallback mechanisms which may govern the

determination of interest rates where a benchmark rate is not available are not suitable for long-term use. Accordingly, in the event a benchmark rate is permanently discontinued, it may be desirable to amend the applicable interest rate provisions in the affected Collateral Debt Obligation or the Notes. Investors should note that the Issuer may, in certain circumstances, amend the Transaction Documents to modify or amend the reference rate in respect of the Notes without the consent of Noteholders. See Condition 13(c) (*Modification and Waiver*); and

- (e) the administrator of LIBOR or EURIBOR will not have any involvement in the Collateral Debt Obligations or the Notes and may take any actions in respect of LIBOR or EURIBOR, as the case may be, without regard to the effect of such actions on the Collateral Debt Obligations or the Notes.

In general, any of the above or any other significant change to the setting or existence of LIBOR or EURIBOR could have a material adverse effect on the value of, and the amount payable under (i) any Collateral Debt Obligations which pay interest linked to a LIBOR or EURIBOR rate and (ii) the Notes. No assurance may be provided that relevant changes will not be made to LIBOR or EURIBOR and/or that such benchmarks will continue to exist.

Investors should consider these recent developments when making their investment decision with respect to the Notes.

#### **1.10 Anti-Money Laundering, Anti-Terrorism, Corruption, Bribery and Similar Laws May Require Certain Actions or Disclosures**

Many jurisdictions have adopted wide-ranging anti-money laundering, economic and trade sanctions, and anti-corruption and anti-bribery laws, and regulations (collectively, the **Requirements**). Any of the Issuer, the Initial Purchaser, the Collateral Manager, the Agents or the Trustee could be requested or required to obtain certain assurances from prospective investors intending to purchase Notes and to retain such information or to disclose information pertaining to them to governmental, regulatory or other authorities or to financial intermediaries or engage in due diligence or take other related actions in the future. It is expected that the Issuer, the Initial Purchaser, the Collateral Manager, the Agents and the Trustee will comply with Requirements to which they are or may become subject and to interpret such Requirements broadly in favour of disclosure. Failure to honour any request by the Issuer, the Initial Purchaser, the Collateral Manager, the Agents or the Trustee to provide requested information or take such other actions as may be necessary or advisable for the Issuer, the Initial Purchaser, the Collateral Manager, the Agents or the Trustee to comply with any Requirements, related legal process or appropriate requests (whether formal or informal) may result in, among other things, a forced sale to another investor of such investor's Notes. In addition, it is expected that each of the Issuer, the Initial Purchaser, the Collateral Manager, the Agents and the Trustee intends to comply with applicable anti-money laundering and anti-terrorism, economic and trade sanctions, and anti-corruption or anti-bribery laws, and regulations of the United States and other countries, and will disclose any information required or requested by authorities in connection therewith.

#### **1.11 Third Party Litigation; Limited Funds Available**

The Issuer's investment activities may subject it to the risks of becoming involved in litigation by third parties. This risk may be greater where the Issuer exercises control or significant influence over a company's direction. The expense of defending against claims against the Issuer by third parties and paying any amounts pursuant to settlements or judgments would be borne by the Issuer in accordance with the Priorities of Payment. The funds available to the Issuer to pay certain fees and expenses of the Trustee, the Collateral Administrator and for payment of the Issuer's other accrued and unpaid Administrative Expenses are limited to amounts available in accordance with the

Priorities of Payment. In the event that such funds are not sufficient to pay the expenses incurred by the Issuer, the ability of the Issuer to operate effectively may be impaired, and the Issuer may not be able to defend or prosecute legal proceedings that may be brought against it or that the Issuer might otherwise bring to protect its interests.

#### **1.12 The Issuer is recently formed**

The Issuer is a recently incorporated or organised entity and has no prior operating history or track record. Accordingly, the Issuer has no performance history for a prospective investor to consider in making its decision to invest in the Notes.

## **2 TAXATION**

### **2.1 Changes in Tax Law; No Gross-Up; General**

Pursuant to the Eligibility Criteria and in accordance with the standard of care specified in the Collateral Management Agreement, the Collateral Manager (on behalf of the Issuer) will be required to ensure that at the time when they are acquired by the Issuer, payments of interest on the Collateral Debt Obligations either will not be reduced by any withholding tax imposed by any jurisdiction or, if and to the extent that any such withholding tax does apply, the relevant Obligor will be obliged to make gross-up payments to the Issuer that cover the full amount of such withholding tax. However, there can be no assurance that, as a result of any change in any applicable law, rule or regulation or interpretation thereof, the payments on the Collateral Debt Obligations might not in the future become subject to withholding tax or increased withholding rates in respect of which the relevant Obligor will not be obliged to gross-up to the Issuer. In such circumstances, the Issuer may be able, but will not be obliged, to take advantage of (a) a double taxation treaty between the United Kingdom and the jurisdiction from which the relevant payment is made or (b) the current applicable law in the jurisdiction of the borrower. In the event that the Issuer receives any interest payments on any Collateral Debt Obligation net of any applicable withholding tax, the Senior Par Value Test and Collateral Quality Tests will be determined by reference to such net receipts. Such tax would also reduce the amounts available to make payments on the Notes. There can be no assurance that remaining payments on the Collateral Debt Obligations would be sufficient to make timely payments of interest, principal on the Maturity Date and other amounts payable in respect of the Notes of each Class.

See under "*Taxation – United Kingdom*" for a description of the circumstances in which under current law payments can be made on the Notes without UK withholding taxes. There can be no assurance that the law, regulations or any interpretations thereof will not change. In the event that any withholding tax is imposed on payments of interest on the Notes, the Issuer will not "gross-up" payments to the holders of the Notes. In the event of the occurrence of a Note Tax Event pursuant to which any withholding tax is imposed on payments on the Senior Notes, or any withholding tax is imposed on payments on the Subordinated Notes otherwise than because the relevant Subordinated Noteholder is not subject to UK corporation tax in respect thereof, the Notes may be redeemed in whole but not in part at the direction of the holders of the Senior Notes or the holders of the Subordinated Notes, in each case acting by Extraordinary Resolution, subject to certain conditions, including a threshold test pursuant to which determination is made as to whether the anticipated proceeds of liquidation of the security over the Collateral would be sufficient to pay all amounts due and payable on the Senior Notes in such circumstances in accordance with the Priorities of Payment. In the case of such redemption at the direction of the holders of the Senior Noteholders, there can be no assurance that the proceeds of such redemption would be sufficient to make payments of all amounts payable in respect of the Notes of each Class.



## 2.2 The proposed financial transactions tax

### *EU Financial Transaction Tax*

On 14 February 2013, the European Commission issued proposals, including a draft Directive (the **Commission's proposal**), for a financial transaction tax (**FTT**) to be adopted in certain participating EU member states (including Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain (the **Participating Member State**)). However, Estonia has since stated that it will not participate. If the Commission's proposal was adopted, the FTT would be a tax primarily on "financial institutions" (which could include the Issuer) in relation to "financial transactions" (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

Under the Commission's proposal, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the financial transaction is issued in a Participating Member State. Under the Commission's proposal, the FTT may apply to both transaction parties where one of these circumstances applies.

The FTT may give rise to tax liabilities for the Issuer with respect to certain transactions if it is adopted based on the Commission's proposal. Examples of such transactions are the conclusion of a derivative contract in the context of the Issuer's hedging arrangements and/or the purchase or sale of securities (such as charged assets). Any such tax liabilities may reduce amounts available to the Issuer to meet its obligations under the Notes and may result in holders of the Notes receiving less interest and/or principal than expected in respect of the Notes. It should also be noted that the FTT could be payable in relation to relevant transactions by investors in respect of the Notes (including secondary market transactions) if the conditions for a charge to arise are satisfied and the FTT is adopted based on the Commission's proposal. Primary market transactions referred to in Article 5(c) of Regulation EC No 1287/2006 are expected to be exempt. There is however uncertainty in relation to the intended scope of this exemption for certain money market instruments and structured issues.

However, the FTT proposal remains subject to negotiation between the Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU member states may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT and its potential impact on their dealings in the Notes before investing.

### *FATCA*

Provisions of law commonly referred to as **FATCA**, impose an information reporting regime and, potentially, a 30 per cent. withholding tax with respect to (i) certain payments from sources within the United States and gross proceeds from the disposition of property which produces certain U.S. source income, (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. The Issuer may be classified as a financial institution for these purposes.

Each Noteholder may be required to provide certifications and identifying information about itself and its direct or indirect owners (or beneficial owners) or controlling persons in order to enable the Issuer (or an intermediary) to identify and report on certain Noteholders and certain of the Noteholder's direct and indirect U.S. owners or controlling persons to the IRS or an applicable tax

authority. The Issuer (and intermediaries through which such Notes are held) may also be required to withhold on payments to Noteholders that do not provide the required information, or that are "foreign financial institutions" that are not compliant with, nor exempt from, FATCA. The Conditions of the Notes permit the Issuer to concur in the making of certain modifications to the Transaction Documents and/or the Conditions of the Notes in order to comply with the requirements of FATCA which may become applicable in the future.

If an amount in respect of FATCA were to be deducted or withheld either from amounts due to the Issuer or from interest, principal or other payments made in respect of the Notes, neither the Issuer, the Principal Paying Agent nor any other person would, pursuant to the Conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected. Furthermore, any requirement to deduct or withhold such withholding tax would not result in the occurrence of a Note Tax Event pursuant to which the Notes may be subject to early redemption in the manner described in Condition 6(f) (*Redemption following Note Tax Event*). Prospective investors should refer to the summary under "*Tax Considerations – Foreign Account Tax Compliance Act*" below.

### ***OECD Action Plan on Base Erosion and Profit Shifting***

Fiscal and taxation policy and practice is constantly evolving and at present the pace of evolution has been quickened due to a number of developments which include, but are not limited to, the Organisation for Economic Co-operation and Development (**OECD**) Base Erosion and Profit Shifting project (**BEPS**).

In July 2013 the OECD published its Action Plan on BEPS, which proposed fifteen actions intended to counter international tax base erosion and profit shifting. The focus of one of the action points (**Action 6**) is the prevention of treaty abuse by developing model treaty provisions to prevent the granting of treaty benefits in inappropriate circumstances.

Other action points (such as action point 4, which can deny deductions for financing costs) may affect the tax position of the Issuer. On 5 October 2015 the OECD released its final recommendations, including in respect of Action 6. On 24 November 2016, more than 100 jurisdictions (including the United Kingdom) concluded negotiations on a multilateral convention that is intended to implement a number of BEPS related measures swiftly, including Action 6. The multilateral convention opened for signing as of 31 December 2016, and was signed by over 60 jurisdictions (including the United Kingdom) on 7 June 2017. It enters into force on the first day of the month following the expiration of a period of three calendar months beginning on the date of deposit of the fifth instrument of ratification, acceptance or approval. For signatories who deposit their ratification, acceptance or approval later, the convention comes into force at the start of the month which is three entire calendar months after such deposit takes place. The date from which provisions of the multilateral convention have effect in relation to a treaty depends on several factors including the type of tax which the article relates to.

Action 6 is intended to prevent the granting of treaty benefits in inappropriate circumstances. The Issuer may rely on the interest and other articles of treaties entered into by the UK to be able to receive payments from some Obligors free from withholding taxes that might otherwise apply.

The multilateral convention provides for the "principal purpose test" (**PPT**) to deny a treaty benefit where it is reasonable to conclude, having regard to all relevant facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in those circumstances would be in accordance with the object and purpose of the relevant provisions of the treaty. It is unclear how a PPT, if adopted, would be applied by the tax authorities of those jurisdictions from which payments are made to the Issuer.

The multilateral convention also permits jurisdictions to choose to apply, in addition to the PPT, a "simplified limitation of benefits" rule. This rule would generally deny a treaty benefit to a resident which is not a "qualified person". It is not expected that the Issuer would be a "qualified person" as defined in the multilateral convention. However, the Issuer may nevertheless be able to claim treaty benefits: (i) if persons who would be entitled to equivalent or more favourable treaty benefits were they to own the income or earn the profits of the Issuer directly own at least 75% of the beneficial interests of the Issuer for at least half of the days of any 12 month period that includes the time when the Issuer is claiming the treaty benefit; or (ii) if the Issuer is able to demonstrate to the satisfaction of the relevant tax authority that neither its establishment, acquisition or maintenance, nor the conduct of its operation, had as one of its principal purposes the obtaining of the treaty benefit; or (iii) with respect to an item of income derived from a relevant jurisdiction if the Issuer is engaged in the "active conduct of a business" in United Kingdom and the income derived from that other jurisdiction emanates from, or is incidental to, that business.

The multilateral convention permits a further degree of flexibility, by allowing jurisdictions to choose to have no PPT at all, but instead to include a "detailed limitation of benefits" rule together with rules to address "conduit financing structures". The multilateral convention does not include language for either, on the basis that jurisdictions that agree to adopt this approach would be required to negotiate bespoke amendments to their double tax treaty bilaterally.

Upon signing the multilateral convention the United Kingdom provided a provisional list of expected reservations and notifications to be made pursuant to it. In the United Kingdom list the United Kingdom has not elected to apply the simplified limitation of benefits rule or to allow other jurisdictions to apply it to its treaties. As a result, the double tax treaties the United Kingdom has entered into with other jurisdictions are expected to only apply a principal purpose test. It is not clear, however, how this test would be interpreted by the relevant tax authorities. On 24 March 2016, the OECD published a public discussion draft consulting on the treaty entitlement of non-CIV funds (that is, of funds that are not collective investment vehicles). The OECD published a further public discussion draft on 6 January 2017, which included examples of common transactions involving non-CIV funds to help clarify the application of the principal purpose test. These examples were subsequently incorporated in the 2017 update to the OECD Model Treaty and associated commentary published on 16 December 2017. This work may be relevant to the treaty entitlement of the Issuer. However, the OECD has not yet finalised its position in relation to non-CIV funds, and in any event it is not clear how any such position might be implemented through the multilateral convention otherwise than by the bilateral negotiation of a "detailed limitation of benefits" rule.

#### ***UK taxation treatment of the Issuer***

The Issuer has been advised that it should fall within the Permanent Regime for the taxation of securitisation companies as set out in the Taxation of Securitisation Companies Regulations, and, as such, should be taxed only on the amount of its "retained profit" for so long as it satisfies the conditions of the regulations. However, if the Issuer does not in fact satisfy the conditions of the regulations (or subsequently ceases to satisfy those conditions), then the Issuer may be subject to very significantly more tax liabilities in the UK. Any such tax liabilities would reduce amounts available to the Issuer to meet its obligations under the Notes and may result in investors receiving less interest and/or principal than expected.

### **3 REGULATORY INITIATIVES**

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the banks, financial industry and asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the

liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Collateral Manager, the Initial Purchaser nor any of their Affiliates makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment in the Notes on the Issue Date or at any time in the future.

Without limitation to the above, such regulatory initiatives include the following:

### 3.1 **Basel III**

Investors should note that the Basel Committee on Banking Supervision (**BCBS**) has approved a series of significant changes to the Basel regulatory capital and liquidity framework (such changes being referred to by the BCBS as **Basel III**). Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio (**LCR**) and the Net Stable Funding Ratio). BCBS member countries agreed to implement the initial phase of the Basel III reforms from 1 January 2013, and the second phase from 1 January 2022, subject to transitional and phase in arrangements for certain requirements. As implementation (of Basel III) requires national legislation, the final rules and the timetable for its implementation in each jurisdiction, as well as the treatment of asset backed securities (for example, as LCR eligible assets or not), may be subject to some level of national variation. It should also be noted that changes to regulatory capital requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II framework in Europe.

Prospective investors should therefore make themselves aware of the changes and requirements described above (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Notes. The matters described above and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

### 3.2 **Risk Retention and Due Diligence**

#### *EU Risk Retention and Due Diligence Requirements*

Investors should be aware of the EU risk retention and due diligence requirements which currently apply, or are expected to apply in the future, in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings, UCITS funds and institutions for occupational retirement provision. Amongst other things, such requirements restrict a relevant investor from investing in asset-backed securities unless (i) that investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or originator and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an on-going basis, a net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset exposures. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a penal capital charge on the Notes acquired by the relevant investor. Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear.

Neither the Collateral Manager, the Vendor nor any other entity has committed to retain a material net economic interest in relation to this transaction. As a result, an EU regulated investor required to comply with the EU risk retention and due diligence requirements seeking to invest in the Notes (on issue or at any time thereafter) will be unable to satisfy such risk retention and due diligence requirements in respect of such investment.

The transaction pursuant to the issuance of the Notes is not intended to comply with the EU Retention Requirements. As such, investors consult their own independent advisers and make their own assessment about the potential risks posed by the requirements imposed by the EU Retention Requirements in making any investment decision in respect of the Notes. Investors should therefore make themselves aware of such requirements (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes. Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements and none of the Issuer, the Initial Purchaser, the Collateral Manager, the Trustee nor any of their respective Affiliates makes any representation that the information described above is sufficient in all circumstances for such purposes.

#### *U.S. Risk Retention Requirements*

Section 941 of the Dodd-Frank Act amended the Exchange Act to generally require the "securitizer" of a "securitization transaction" to retain at least 5 per cent. of the "credit risk" of "securitized assets", as such terms are defined for purposes of that statute, and generally prohibit a securitizer from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the securitizer is required to retain. Final rules implementing the statute (the **U.S. Risk Retention Rules**) came into effect on 24 December 2016 with respect to CLOs. The U.S. Risk Retention Rules provide that the securitizer of an asset backed securitization (including a CLO) is its sponsor, and that the sponsor of a CLO is its collateral manager. However, on February 9, 2018, a three-judge panel (the **Panel**) of the United States Court of Appeals for the District of Columbia held, in *The Loan Syndications and Trading Association v. Securities and Exchange Commission and Board of Governors of the Federal Reserve System*, No. 1:16-cv-0065 (the **LSTA Decision**), that collateral managers of "open market CLOs" (described in the LSTA Decision as CLOs where assets are acquired from "arms-length negotiations and trading on an open market") are not "securitizers" or "sponsors" under Section 941 of the Dodd-Frank Act and, therefore, are not subject to risk retention and do not have to comply with the U.S. Risk Retention Rules. The Panel's opinion in the LSTA Decision became effective on April 5, 2018, when the district court entered its order (the **District Court Order**) following the issuance of the appellate mandate on April 3, 2018 (the **Mandate**) in respect thereof. The period for the federal agencies responsible for the U.S. Risk Retention Rules to petition any court of competent jurisdiction for review of the LSTA Decision has expired on May 10, 2018. However, it is currently uncertain as to whether this transaction will constitute an "open-market CLO" as described in the LSTA Decision particularly as the Collateral Debt Obligations will be acquired from the Collateral Manager and were originated by the Collateral Manager.

The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose. Accordingly, given the uncertainty as to whether this transaction will constitute an "open-market CLO", the Collateral Manager has informed the Issuer that it does not intend to retain at least 5 per cent. of the credit risk of the Issuer for the purposes of the U.S. Risk Retention Rules, but rather intends to rely on an exemption provided for in Section \_\_.20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Such non-U.S. transactions must meet certain requirements, including that (i) the transaction is not required to be and is not registered under the Securities Act; (ii) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the securities are issued), as determined by fair value under U.S. GAAP, of all

classes of securities issued in the securitization transaction are sold or transferred to, or held by, U.S. persons (in each case, as defined in the U.S. Risk Retention Rules) or for the account or benefit of U.S. persons (as defined in the U.S. Risk Retention Rules and referred to in this Prospectus as Risk Retention U.S. Persons); (iii) neither the sponsor nor the issuer is organised under U.S. law or is a branch located in the United States of a non-U.S. entity; and (iv) no more than 25 per cent. of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

The Collateral Manager has advised the Issuer that it has not acquired, and it does not intend to acquire more than 25 per cent. of the assets from an affiliate or branch of the Collateral Manager or Issuer that is organised or located in the United States.

The Notes provide that they may not be purchased by or transferred to Risk Retention U.S. Persons. Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of U.S. person under Regulation S. The definition of U.S. person in the U.S. Risk Retention Rules is excerpted below. Particular attention should be paid to clauses (b) and (h)(i) below, which are different than comparable provisions from Regulation S.

Under the U.S. Risk Retention Rules, and subject to limited exceptions, "**U.S. person**" means any of the following:

- (a) any natural person resident in the United States;
- (b) any partnership, corporation, limited liability company, or other organisation or entity organised or incorporated under the laws of any State or of the United States;<sup>1</sup>
- (c) any estate of which any executor or administrator is a U.S. person (as defined under any other clause of this definition);
- (d) any trust of which any trustee is a U.S. person (as defined under any other clause of this definition);
- (e) any agency or branch of a foreign entity located in the United States;
- (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person (as defined under any other clause of this definition);
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and
- (h) any partnership, corporation, limited liability company, or other organisation or entity if:
  - (i) organised or incorporated under the laws of any foreign jurisdiction; and
  - (ii) formed by a U.S. person (as defined under any other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act.<sup>2</sup>

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<sup>1</sup> The comparable provision from Regulation S is "(ii) any partnership or corporation organised or incorporated under the laws of the United States."

Each holder of a Note or a beneficial interest therein by its acquisition of a Note or a beneficial interest in a Note, will be deemed to represent to the Issuer, the Trustee, the Collateral Manager and the Initial Purchaser that it, amongst other things (a) is not a Risk Retention U.S. Person (2) is acquiring such Notes or a beneficial interest therein for its own account and not with a view to distribute and (3) is not acquiring such Note or beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section\_\_20 of the U.S. Risk Retention Rules described herein). A Noteholder may also be compelled by the Issuer to sell its Notes if the Noteholder is determined to be in breach of these provisions pursuant to Condition 1(h) (*Forced Transfer pursuant to U.S. Retention Rules*). See "*Plan of Distribution*" and "*Transfer Restrictions*".

The Collateral Manager, the Issuer and the Initial Purchaser have agreed that none of the Initial Purchaser or any person who controls it or any director, officer, employee, agent or Affiliate of the Initial Purchaser shall have any responsibility for determining the proper characterisation of potential investors for such restriction or for determining the availability of the exemption provided for in Section\_\_20 of the U.S. Risk Retention Rules, and none of the Initial Purchaser or any person who controls it or any director, officer, employee, agent or Affiliate of the Initial Purchaser accepts any liability or responsibility whatsoever for any such determination.

There can be no assurance that the exemption provided for in Section\_\_20 of the U.S. Risk Retention Rules regarding non-U.S. transactions will be available to the Collateral Manager.

Failure on the part of the Collateral Manager to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) could give rise to regulatory action against the Collateral Manager which may adversely affect the Notes and the ability of the Collateral Manager to perform its obligations under the Collateral Management Agreement. Furthermore, the impact of the U.S. Risk Retention Rules on the loan securitisation market and the leveraged loan market generally is uncertain, and a failure by the Collateral Manager to comply with the U.S. Risk Retention Rules could negatively affect the value and secondary market liquidity of the Notes.

In addition, after the Issue Date, the U.S. Risk Retention Rules may have other adverse effects on the Issuer and/or the holders of the Notes. Unless the exemption provided for in Section\_\_20 of the U.S. Risk Retention Rules regarding non-U.S. transactions or another exemption is available to the Collateral Manager, the U.S. Risk Retention Rules would apply to any additional notes offered and sold by the Issuer after the Issue Date or any refinancing. In addition, the U.S. Securities and Exchange Commission (the **SEC**) has indicated in contexts separate from the U.S. Risk Retention Rules that an "offer" and "sale" of securities may arise when amendments to securities are so material as to require holders to make a new "investment decision" with respect to such securities. Thus, if the SEC were to take a similar position with respect to the U.S. Risk Retention Rules, they could apply to future material amendments to the terms of the Notes, to the extent such amendments require investors to make a new investment decision with respect to the Notes. As noted above, the Collateral Manager does not intend to retain at least 5 per cent. of the credit risk of the Issuer for the purposes of the U.S. Risk Retention Rules or the EU Retention Requirements), and there can be no assurance that the exemption provided for in Section\_\_20 of the U.S. Risk Retention Rules regarding non-U.S. transactions or any other exemption will be available in connection with any such additional issuance, refinancing or amendment occurring after the Issue Date. As a result, the U.S. Risk Retention Rules may adversely affect the Issuer (and the performance, market value or

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2 The comparable provision from Regulation S is "(vii)(B) formed by a U.S. person principally for the purpose of investing in securities not registered under the [Securities Act], unless it is organised or incorporated, and owned, by accredited investors (as defined in [17 CFR 230.501(a)]) who are not natural persons, estates or trusts."

liquidity of the Notes) if the Issuer is unable to undertake any such additional issuance, refinancing or amendment. Furthermore, no assurance can be given as to whether the U.S. Risk Retention Rules would have any future material adverse effect on the business, financial condition or prospects of the Collateral Manager or the Issuer or on the market value or liquidity of the Notes.

#### *General*

Barclays Group does not intend to sell any of the Notes to a third party, other than under repurchase agreements or other comparable secured financing type transactions. A confirmation by the Collateral Manager, in respect of each Class of Notes, of the aggregate amount held by Barclays Group (including any amounts sold to third parties under repurchase agreements or other comparable secured financing type transactions) will be included in each Report.

### **3.3 Alternative Investment Fund Managers Directive**

The AIFMD regulates alternative investment fund managers (**AIFMs**) and provides in effect that each alternative investment fund (an **AIF**) within the scope of the AIFMD must have a designated AIFM responsible for ensuring compliance with the AIFMD. Although there is an exemption in the AIFMD for "securitisation special purpose entities" (the **SSPE Exemption**), the European Securities and Markets Authority has not yet given any formal guidance on the application of the SSPE Exemption or whether a vehicle such as the Issuer would fall within it, so there can be no certainty as to whether the Issuer would benefit from the SSPE Exemption.

If the Issuer is an AIF (which at this stage is unclear) then it would be necessary to identify its AIFM, which would be the entity which manages it in general and is therefore most likely to be the Collateral Manager. In such a scenario, the Collateral Manager would be subject to the AIFMD and would need to be appropriately regulated and certain duties and responsibilities would be imposed on the Collateral Manager in respect of its management of the Portfolio. Such duties and responsibilities, were they to apply to the Collateral Manager's management of the assets of the Issuer, may result in significant additional costs and expenses incurred by the Collateral Manager which, in respect of some such fees and expenses, may be reimbursable by the Issuer to the Collateral Manager pursuant to the Collateral Management and Administration Agreement as an Administrative Expense, which may in turn negatively affect the amounts payable to Noteholders. If the Collateral Manager was to fail to, or be unable to, be appropriately regulated, the Collateral Manager may not be able to continue to manage the Issuer's assets, or its ability to do so may be impaired. Any regulatory changes arising from implementation of the AIFMD (or otherwise) that impair the ability of the Collateral Manager to manage the Issuer's assets may adversely affect the Collateral Manager's ability to carry out the Issuer's investment strategy and achieve its investment objective.

### **3.4 CRA**

Regulation (EC) No 1060/2009 (as amended) (the **CRA Regulation**) came into force on 20 June 2013 including Article 8(b). Article 8(b) of the CRA Regulation requires issuers, sponsors and originators of structured finance instruments such as the Notes to make detailed disclosures of information relating to those structured finance instruments. The European Commission has adopted a delegated regulation, detailing the scope and nature of the required disclosure which disclosure reporting requirements became effective on 1 January 2017. Such disclosures are to be made via a website to be set up by ESMA. As yet, this website has not been set up, so issuers, originators and sponsors are currently unable to comply with Article 8(b). In their current form, the regulatory technical standards only apply to structured finance instruments for which a reporting template has been specified. Currently there is no template for CLO transactions but if a template for CLO transactions were to be published and the website for disclosure were to be set up by ESMA, the Issuer may incur additional costs and expenses to comply with such disclosure obligations. Such



costs and expenses would be payable by the Issuer as Administrative Expenses. In accordance with the text of the STS Securitisation Regulation Article 8(b) of the CRA Regulation will be repealed, and that disclosure requirements will be governed thereafter by the requirements under the STS Regulation.

Additionally, Article 8(c) of the CRA Regulation has introduced a requirement that where an issuer or a related third party intends to solicit a credit rating of a structured finance instruments, it shall obtain two independent ratings for such instruments. Article 8(d) of the CRA Regulation has introduced a requirement that where an issuer or a related third party intends to appoint at least two credit rating agencies to rate the same instrument, the issuer or a related third party shall consider appointing at least one rating agency having less than a 10 per cent. market share among agencies capable of rating that instrument. The Issuer intends to have two rating agencies appointed, but does not make any representation as to market share of either agency, and any consequences for the Issuer, related third parties and investors if an agency does not have a less than 10 per cent. market share are not specified. Investors should consult their legal advisors as to the applicability of the CRA Regulation and any consequence of non-compliance in respect of their investment in the Notes.

### **3.5 U.S. Dodd-Frank Act**

The Dodd-Frank Act was signed into law on 21 July 2010. The Dodd-Frank Act represents a comprehensive change to financial regulation in the United States, and affects virtually every area of the capital markets. Implementation of the Dodd-Frank Act requires many lengthy rulemaking processes that will ultimately result in the adoption of a multitude of new regulations potentially applicable to entities which transact business in the U.S. or with U.S. persons outside the U.S. Once fully implemented, the Dodd-Frank Act will affect many aspects, in the U.S. and internationally, of the business of the Collateral Manager, including securitisation, proprietary trading, investing, creation and management of investment funds, OTC derivatives and other activities. While certain regulations implementing various provisions of the Dodd-Frank Act have been finalised and adopted, many implementing regulations currently exist only in draft form and are subject to comment and revision, and still other implementing regulations have not yet been proposed. It is therefore difficult to predict whether and to what extent the businesses of the Collateral Manager and its subsidiaries and Affiliates and the Issuer, will be affected by the Dodd-Frank Act as implementing regulations are finalised over time and come into effect and regulators provide further guidance with respect thereto.

This uncertainty is further compounded by the numerous regulatory efforts underway outside the U.S. Certain of these efforts overlap with the substantive provisions of the Dodd-Frank Act, while others, such as proposals for financial transaction and/or bank taxes in particular countries or regions, do not. In addition, even where these U.S. and international regulatory efforts overlap, these efforts generally have not been undertaken on a coordinated basis. Areas where divergence between U.S. regulators and their international counterparts exists or has begun to develop (whether with respect to scope, interpretation, timing, approach or otherwise) include trading, clearing and reporting requirements for derivatives transactions, higher U.S. capital and margin requirements relating to uncleared derivatives transactions, and capital and liquidity requirements that may result in mandatory "ring-fencing" of capital or liquidity in certain jurisdictions, among others.

No assurance can be made that the United States federal government or any U.S. regulatory body (or other authority or regulatory body) will not continue to take further legislative or regulatory action, and the effect of such actions, if any, cannot be known or predicted.

Investors should be aware that those risks are material and that the Issuer and, consequently, an investment in the Notes could be materially and adversely affected thereby. None of the Issuer, the Collateral Manager or the Initial Purchaser makes any representation as to such matters. As such, investors should consult their own independent advisers and make their own assessment about the

potential risks posed by the Dodd-Frank Act and the rules to be promulgated thereunder in making any investment decision in respect of the Notes.

### 3.6 Volcker Rule

Under Section 619 of the U.S. Dodd-Frank Act and the corresponding implementing rules (the **Volcker Rule**) relevant "banking entities" as defined under the Volcker Rule (which would include certain non-U.S. affiliates of U.S. banking entities, regardless of where such affiliates are located) are generally prohibited from, among other things, (i) conducting proprietary trading activities in a wide variety of financial instruments unless the transaction is excluded from the scope of the rule (e.g. if conducted solely for hedging purposes) and (ii) acquiring or retaining any equity, partnership or other ownership interest in, or acting as sponsor in respect of, certain investment entities referred to in the Volcker Rule as covered funds, except as may be permitted by an applicable exclusion or exception from the Volcker Rule. In addition, in certain circumstances, the Volcker Rule restricts relevant banking entities from entering into certain credit exposure related transactions with covered funds. Subject to certain exceptions and extensions, full conformance with the Volcker Rule was required from 21 July 2015. In general, there is limited interpretive guidance regarding the Volcker Rule.

The Issuer will fall within the definition of "covered fund" under the Volcker Rule unless it falls within a specific exclusion from this definition. The most relevant exclusion from the definition of "covered fund" with respect to the Issuer is the loan securitization exclusion. To qualify for the loan securitization exclusion, a special purpose issuer of asset backed securities as defined under the Exchange Act must not (among other requirements) hold any securities (other than those permitted within the exclusion) or enter into any derivative contracts unless the derivative contract is a "permitted derivative" within the meaning of and subject to the Volcker Rule. Notwithstanding that the Issuer will be subject to certain restrictions on the assets it is permitted to acquire and/or enter into pursuant to the terms of the Transaction Documents with the intent that it satisfies the requirements of the loan securitization exclusion and be excluded from being a "covered fund" within the meaning of the Volcker Rule, none of the Issuer, the Collateral Manager or the Initial Purchaser makes any representation regarding whether the Issuer will fall within this exclusion. Each investor in the Notes must make its own determination as to whether it is subject to the Volcker Rule, whether its investment in the Notes would be restricted or prohibited under the Volcker Rule, and the potential impact of the Volcker Rule on its investment, any liquidity in connection therewith and on its portfolio generally.

The Volcker Rule and any similar measures introduced in another relevant jurisdiction may impact on the price and liquidity of the Notes in the secondary market or restrict prospective investors' ability to hold notes such as the Notes. Each purchaser is responsible for analysing its own position under the Volcker Rule and any similar measures.

- 3.7 On May 30, 2018, the Board of Governors of the Federal Reserve asked for comment on proposed modifications to the Volcker Rule, including modifications to the definition of "covered fund," to the requirements of the loan securitization exemption, and to the nature of a prohibited "ownership interest" in a covered fund. It cannot be predicted at this time what the substance of any possible modifications to the Volcker Rule, if any were enacted, would provide, nor can any assurance be offered that the Issuer would continue to qualify for the loan securitization exemption or another operative exclusion from the definition of "covered fund."EU Bank Recovery and Resolution Directive.

The EU Bank Recovery and Resolution Directive (2014/59/EU) (collectively with secondary and implementing EU rules, and national implementing legislation, the **BRRD**) equips national authorities in Member States (the **Resolution Authorities**) with tools and powers for preparatory and preventive measures, early supervisory intervention and resolution of credit institutions and

significant investment firms (collectively, **relevant institutions**). If a relevant institution enters into an arrangement with the Issuer and is deemed likely to fail in the circumstances identified in the BRRD, the relevant Resolution Authority may employ such tools and powers in order to intervene in the relevant institution's failure (including in the case of derivatives transactions, powers to close-out such transactions or suspend any rights to close-out such transactions). In particular, liabilities of relevant institutions arising out of the Transaction Documents or Underlying Instruments (for example, liabilities arising under Participations or provisions in Underlying Instruments requiring lenders to share amounts) not otherwise subject to an exception, could be subject to the exercise of "bail-in" powers of the relevant Resolution Authorities. It should be noted that certain secured liabilities of relevant institutions are excepted. If the relevant Resolution Authority decides to "bail-in" the liabilities of a relevant institution, then subject to certain exceptions set out in the BRRD, the liabilities of such relevant institution could, among other things, be reduced, converted or extinguished in full. As a result, the Issuer and ultimately, the Noteholders may not be able to recover any liabilities owed by such an entity to the Issuer. In addition, a relevant Resolution Authority may exercise its discretions in a manner that produces different outcomes amongst institutions resolved in different EU Member States. It should also be noted that similar powers and provisions are being considered in the context of financial institutions of other jurisdictions.

Resolution Authorities also have the right to amend certain agreements, under applicable laws, regulations and guidance (**Stay Regulations**), to ensure stays or overrides of certain termination rights. Such special resolution regimes (**SRRs**) vary from jurisdiction to jurisdiction, including differences in their respective implementation dates. In the UK, the Prudential Regulation Authority (**PRA**) has implemented rules (Appendix 1 to the PRA's policy statement 25/15) which requires relevant institutions to ensure that the discretion of the PRA to temporarily suspend termination and security interests under the relevant SRR is respected by counterparties. Any applicable Stay Regulations may result in the Issuer not being able to immediately enforce liabilities owed by relevant institutions that are subject to "stays" under SRRs.

The resolution mechanisms under the BRRD correspond closely to those available to the Single Resolution Board (the **SRB**) and the European Commission under the single resolution mechanism provided for in Regulation (EU) No 806/2014 (the **SRM Regulation**). The SRM Regulation applies to participating Member States (including Member States outside the Euro zone that voluntarily participate through a close co-operation agreement). In such jurisdictions, the SRB will take on many of the functions that would otherwise be assigned to national Resolution Authorities by the BRRD. If a Member State outside the Euro zone (such as the UK) has chosen not to participate in the bank single supervisory mechanism, relevant institutions established in such Member State will not be subject to the SRM Regulation, but to the application of the BRRD by the Resolution Authorities. It is possible, on the specific facts of a case, that resolution plans and resolution decisions made by the SRB may differ from the resolution schemes that would have been applied by the Resolution Authorities. Therefore, the way in which a relevant institution is resolved and ultimately, the effect of any such resolution on the Issuer and the Noteholders may vary depending on the authority applying the resolution framework.

### **3.8 Regulation U and Margin Stock Provisions**

The Issuer may acquire voting and non-voting common and preferred stock, warrants and options, solely in connection with the purchase of Collateral Debt Obligations or in exchange therefor, or in connection with a restructuring of a Defaulted Obligation provided the Permitted Securities Condition is satisfied. None of the proceeds of the Notes will be used for the purpose of buying or carrying any "Margin Stock" within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System (**Margin Stock**), including any debt obligation which is by its terms convertible into "Margin Stock".

If any Margin Stock were to be included among the Collateral, certain purchases of the Notes would then be subject to certain requirements under Regulation U issued by the Board of Governors of the Federal Reserve System (**Regulation U**). Regulation U governs certain extensions of credit that are secured by Margin Stock by persons other than securities broker-dealers. Under current interpretations of Regulation U by the Federal Reserve Board (the **FRB**), the purchase of a debt security such as the Notes in a private placement may constitute an extension of credit. Among other things, Regulation U would generally impose certain limits on the amount of credit that an investor in the Senior Notes could extend that is used to purchase or carry Margin Stock (**Purpose Credit**). The provisions of the Trust Deed and the Collateral Management Agreement are intended to ensure that any credit extended by investors in the Senior Notes is not Purpose Credit.

## **4 RELATING TO THE NOTES**

### **4.1 Limited Liquidity and Restrictions on Transfer**

The Initial Purchaser is not required to and is not intending to make a market for the Notes. There can be no assurance that any secondary market for any of the Notes will develop or, if a secondary market does develop, that it will provide the Noteholders with liquidity of investment or that it will continue for the life of such Notes.

Investors should note that the market of the Notes will be affected by, amongst other things, supply and demand for the Notes, and that, accordingly, it should not be assumed that there will be a significant correlation between the market value of the Notes and the market value of the Portfolio. Prospective investors should be aware that the market value of the Notes may be affected by events in the capital and credit markets which may have an effect on the market value of collateral loan obligations and similar structured securities generally, as well as events in the capital and credit markets that may affect the Portfolio or the Issuer. Furthermore, the current liquidity shortage and volatility in the credit markets, including the collateralised loan obligation market, may affect, amongst other things, the ability of the Collateral Manager (on behalf of the Issuer) to dispose of or acquire Collateral Debt Obligations and the ability of the Collateral Manager (on behalf of the Issuer) to determine reliable valuations in respect of the Collateral Debt Obligations, all of which could materially adversely affect investors in the Notes. See "*Risk Factors - Events in the Corporate Loan and Leveraged Finance Markets*".

Consequently, a purchaser must be prepared to hold such Notes for an indefinite period of time or until the Maturity Date. In addition, no sale, assignment, participation, pledge or transfer of the Notes may be effected if, among other things, it would require the Issuer or any of its officers or directors to register under, or otherwise be subject to the provisions of, the Investment Company Act or any other similar legislation or regulatory action. Furthermore, the Notes have not been and will not be registered under the Securities Act or any U.S. state securities laws, and the Issuer has not been and will not be registered as an investment company under the Investment Company Act. As a result, the Notes are subject to certain transfer restrictions and can be transferred only to certain transferees. See "*Subscription and Sale*" and "*Transfer Restrictions*". Such restrictions on the transfer of the Notes may further limit their liquidity.

### **4.2 Optional Redemption and Market Volatility**

A form of liquidity for the Subordinated Notes is the optional redemption provision set out in Condition 6(b)(i) (*Redemption at the Option of the Subordinated Noteholders*) which allows for the redemption of the Subordinated Notes in whole at the applicable Redemption Prices from the proceeds of liquidation or realisation of the Collateral at the direction of the Subordinated Noteholders acting by Extraordinary Resolution on any Business Day. There can be no assurance, however, that such optional redemption provision will be capable of exercise in accordance with the conditions set out in Condition 6(b)(ii) (*Terms and Conditions of Redemption at the Option of the*

*Subordinated Noteholders*) which requires that the liquidation proceeds of the Portfolio are held by or on behalf of the Issuer in immediately available funds no earlier than five Business Days and no later than one Business Day immediately prior to the scheduled Redemption Date and such funds are at least equal to the Redemption Threshold Amount. If liquidation proceeds at least equal to the Redemption Threshold Amount are not held in immediately available funds by the Issuer on or prior to the day falling one Business Day prior to the Redemption Date specified in the redemption notice delivered by the Issuer in accordance with Condition 6(b)(i) (*Redemption at the Option of the Subordinated Noteholders*), such redemption notice shall be deemed to be revoked and, subject to the other Conditions, the Notes shall be redeemed on the Maturity Date as if such notice of redemption had never been delivered. The market value of the Collateral Debt Obligations may fluctuate, with, among other things, changes in prevailing interest rates, foreign exchange rates, general economic conditions, the conditions of financial markets (particularly the markets for senior loans), European and international political events, events in the home countries of the Obligors of the Collateral Debt Obligations or the countries in which their assets and operations are based, developments or trends in any particular industry and the financial condition of such Obligors. The secondary market for senior loans is still limited. A decrease in the market value of the Portfolio would adversely affect the amount of proceeds which could be realised upon liquidation of the Portfolio and ultimately the ability of the Issuer to redeem the Subordinated Notes pursuant to the right of optional redemption set out in Condition 6(b)(i) (*Redemption at the Option of the Subordinated Noteholders*) due to the threshold requirements set out therein. There can be no assurance that, upon any such redemption, the proceeds realised would permit any payment on the Subordinated Notes after required payments are made in respect of the Senior Notes and to the other creditors of the Issuer which rank in priority to the holders of the Subordinated Notes pursuant to the Priorities of Payment.

#### **4.3 Limited Recourse Obligations**

The Notes are limited recourse obligations of the Issuer and are payable solely from amounts received in respect of the Collateral securing the Notes. Payments on the Notes both prior to and following enforcement of the security over the Collateral are subordinated to the prior payment of certain fees and expenses of, or payable by, the Issuer and to payment of principal and interest on the Senior Notes. See Condition 3(c) (*Limited Recourse*). None of the Collateral Manager, the Noteholders of any Class, the Initial Purchaser, the Trustee, the Collateral Administrator, any Agent or any Affiliates of any of the foregoing or the Issuer's Affiliates or any other person or entity (other than the Issuer) will be obliged to make payments on the Notes of any Class. Consequently, Noteholders must rely solely on distributions on the Collateral Debt Obligations and amounts received under any other Collateral securing the Notes for the payment of principal, discount, interest and premium, if any, thereon. There can be no assurance that the distributions on the Collateral Debt Obligations and amounts received under any other Collateral securing the Notes will be sufficient to make payments on the Subordinated Notes after making payments on the Senior Notes and certain other required amounts to other creditors ranking senior to or *pari passu* with the Subordinated Notes pursuant to the Priorities of Payment. If distributions on the Collateral are insufficient to make payments on the Notes, no other assets (and, in particular, no assets of the Collateral Manager, the Noteholders, the Initial Purchaser, the Trustee, the Collateral Administrator, any Agent, or any Affiliates of any of the foregoing) will be available for payment of the deficiency and following realisation of the Collateral and the application of the proceeds thereof in accordance with the Priorities of Payment, the obligations of the Issuer to pay such deficiency shall be extinguished. Such shortfall will be borne first by the Subordinated Noteholders and thereafter the Senior Noteholders in accordance with the Priorities of Payment (in reverse order).

In addition, none of the Noteholders nor the Trustee nor any other Secured Party (nor any other person acting on behalf of any of them) shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganisation, arrangement, insolvency,

examinership, winding-up or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligations of the Issuer relating to the Notes, the Trust Deed or otherwise owed to the Noteholders, save for lodging a claim in the liquidation of the Issuer which is initiated by another party (which is not an Affiliate of such party) or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer but without limitation to the Trustee's powers under the Trust Deed to enforce or release the security constituted thereby.

#### **4.4 Subordination of the Senior Notes and the Subordinated Notes**

Except where otherwise provided pursuant to the Priorities of Payment and Condition 6(b) (*Redemption at the Option of the Subordinated Noteholders*), payments in respect of the Senior Notes will rank *pari passu* amongst themselves. The Subordinated Notes are subordinated to the Senior Notes. Pursuant to the Priorities of Payment, no currency conversion shall occur and as a result payments of principal may be made on one or more Classes of Senior Notes in seniority to payments of principal on the other Class(es) of Senior Notes except (a) when a Class of Senior Notes is fully redeemed such that the Principal Proceeds held by the Issuer in the currency of such Class of Senior Notes that has been fully redeemed, once converted, can be used to redeem the outstanding Class(es) of Senior Notes, (b) upon a redemption of the Notes in accordance with Condition 6(f) (*Redemption following Note Tax Event*), (c) upon the Notes becoming due and payable following the occurrence of an Event of Default in accordance with Condition 9 (*Events of Default*) or (d) upon a redemption of the Notes pursuant to Condition 6(c) (*Redemption upon Breach of Senior Par Value Test*). Payments on the Subordinated Notes will be made by the Issuer to the extent of available funds and no payments thereon will be made until the payment of certain fees and expenses have been made and until interest on the Senior Notes has been paid. No payment of principal may be made on the Subordinated Note while any Classes of Senior Notes is still outstanding.

Non-payment of any Interest Amount on the Senior Notes on any Payment Date will constitute an Event of Default (where such non-payment continues for a period of at least five Business Days or, if such non-payment results from an administrative error, such non-payment continues for a period of at least seven Business Days). In such circumstances, the Senior Noteholders acting by Extraordinary Resolution, may request the Trustee to accelerate the Notes pursuant to Condition 9 (*Events of Default*).

In the event of any redemption in full or acceleration of the Senior Notes, then the Subordinated Notes will also be subject to automatic redemption/acceleration and the Collateral will, in either case, be liquidated. Liquidation of the Collateral at such time or remedies pursued by the Trustee upon enforcement of the security over the Collateral could be adverse to the interests of the Subordinated Noteholders. Subject as otherwise specified in the Priorities of Payment, to the extent that any losses are incurred by the Issuer in respect of any Collateral, such losses will be borne first by the Subordinated Noteholders and then by the Senior Noteholders. Remedies pursued by the Senior Noteholders could be adverse to the interests of the Subordinated Noteholders.

The Trust Deed provides that, in the event of any conflict of interest between the Senior Noteholders and the Subordinated Noteholders, the interests of the Senior Noteholders will prevail. In the event that the Trustee shall receive conflicting or inconsistent requests from two or more groups of holders of the Senior Noteholders, the Trustee shall give priority to the group which holds the greater of the Principal Amount Outstanding of the Senior Notes. The Trust Deed provides further that the Trustee will act upon the directions of the holders of the Senior Notes in such circumstances, and shall not be obliged to consider the interests of the holders of the Subordinated Notes or any other Secured Party. See Condition 13(e) (*Entitlement of the Trustee and Conflicts of Interest*).

#### **4.5 Amount and Timing of Payments**

Investment in the Notes of any Class involves a degree of risk arising from fluctuations in the amount and timing of receipt of the principal and interest on the Collateral Debt Obligations by or on behalf of the Issuer and the amounts of the claims of creditors of the Issuer ranking in priority to the holders of each Class of the Notes. In particular, prospective purchasers of such Notes should be aware that the amount and timing of payment of the principal and interest on the Collateral Debt Obligations will depend upon the detailed terms of the documentation relating to each of the Collateral Debt Obligations and on whether or not any Obligor thereunder defaults in its obligations.

#### **4.6 Mandatory Redemption of the Senior Notes**

If the Senior Par Value Test is not satisfied on any Determination Date following the Acquisition Date then, on the Payment Date following such Determination Date, Interest Proceeds, and thereafter Principal Proceeds, will be used, subject to the Priorities of Payment, to the extent necessary and available to redeem the Senior Notes, in accordance with and subject to the Priorities of Payment, until such Senior Par Value Test is satisfied if recalculated following such redemption.

#### **4.7 Certain actions may prevent a Note Event of Default**

Subject to certain conditions, the Issuer may, with the consent of the Senior Noteholders and the Subordinated Noteholders, each acting by Ordinary Resolution issue and sell additional Notes and use the net proceeds to purchase additional Collateral Debt Obligations. See Condition 16 (*Additional Issuances*).

Subject to certain conditions, when any of the Senior Notes are outstanding and the Collateral Manager reasonably believes that there will be insufficient Interest Proceeds such that a payment would be due under Condition 2(f)(A) on the next Payment Date (an **Interest Shortfall Payment**), the Collateral Manager shall use its reasonable endeavours to notify the Subordinated Noteholders of such Interest Shortfall Payment and upon receipt of such notification, any Subordinated Noteholder may pay to the Interest Account such amount as will prevent an Interest Shortfall Payment occurring.

Pursuant to the Transaction Documents, the Collateral Manager may (in its sole discretion), pursuant to the Priorities of Payment, apply funds by either deferring or designating for reinvestment in Collateral Debt Obligations or irrevocably waiving all or a portion of the Subordinated Management Fee that would otherwise have been payable to it.

Any such action described above could prevent the occurrence of a Note Event of Default which would otherwise have occurred and therefore potentially result in the Notes continuing to be outstanding in circumstances where the Senior Noteholders may otherwise have had the right to direct the Trustee to accelerate the Notes. Consequently, the average life of the Notes may be longer than it would otherwise be. See 4.10 "*Average Life and Prepayment Considerations*".

#### **4.8 Future Ratings of the Senior Notes not assured and limited in scope**

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by any Rating Agency at any time. Credit ratings represent a rating agency's opinion regarding the credit quality of an asset but these credit ratings are not a guarantee of such quality. There is no assurance that a rating accorded to any of the Senior Notes will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by a Rating Agency if, in its judgement, circumstances in the future so warrant. In the event that a rating initially assigned to any of the Senior Notes is subsequently lowered for any reason, no person

or entity is required to provide any additional support or credit enhancement with respect to any such Senior Notes and the market value of such Senior Notes is likely to be adversely affected.

Prospective investors in the Notes should be aware that, as a result of recent economic events (see 1.5 (*Events in the Corporate Loan and Leveraged Finance Markets*)), Rating Agencies have undertaken extensive reviews of their rating methodology and criteria used to rate notes issued as part of CLO transactions. This could impact on the ratings assigned to the Senior Notes after the Issue Date and potentially result in the downgrade or withdrawal thereof following the Issue Date.

The Rating Agencies may change their published ratings criteria or methodologies for securities such as the Senior Notes at any time in the future. Further, the Rating Agencies may retroactively apply any new standards to the ratings of the Senior Notes. Any such action could result in a substantial lowering (or even withdrawal) of any rating assigned to any Rated Note, despite the fact that such Rated Note might still be performing fully to the specifications set forth for such Rated Note in this Prospectus and the Transaction Documents. The rating assigned to any Rated Note may also be lowered following the occurrence of an event or circumstance despite the fact that the related Rating Agency may have previously provided confirmation that such occurrence would not result in the rating of such Rated Note being lowered. Additionally, any Rating Agency may, at any time and without any change in its published ratings criteria or methodology, lower or withdraw any rating assigned by it to any Class of Senior Notes. If any rating initially assigned to any Note is subsequently lowered or withdrawn for any reason, holders of these Notes may not be able to resell their Notes without a substantial discount. Any reduction or withdrawal to the ratings on any Class of Senior Notes may significantly reduce the liquidity of the Notes and may adversely affect the Issuer's ability to make certain changes to the composition of the Collateral.

As at the date of this Prospectus, each of the Rating Agencies is established in the European Union and is registered under the CRA Regulation. As such each Rating Agency is included in the list of credit rating agencies published by ESMA on its website in accordance with the CRA Regulation. ESMA may determine that one or both of the Rating Agencies no longer qualifies for registration under the CRA Regulation and that determination may also have an adverse effect on the market prices and liquidity of the Senior Notes.

#### **4.9 Rating Agencies may refuse to give rating agency confirmations**

Historically, many actions by issuers of collateralised loan obligation vehicles (including but not limited to issuing additional securities and amending relevant agreements) have been conditioned on receipt of confirmation from the applicable rating agencies that such action would not cause the ratings on the applicable securities to be reduced or withdrawn. Recently, certain rating agencies have changed the manner and the circumstances under which they are willing to provide such confirmation and have indicated reluctance to provide confirmation in the future, regardless of the requirements of the Trust Deed and the other Transaction Documents. If the Transaction Documents require that written confirmation from a Rating Agency be obtained before certain actions may be taken and an applicable Rating Agency is unwilling to provide the required confirmation, it may be impossible to effect such action, which could result in losses being realised by the Issuer and, indirectly, by Noteholders.

If a Rating Agency announces or informs the Trustee, the Collateral Manager or the Issuer that confirmation from such Rating Agency is not required for a certain action or that its practice is to not give such confirmations for certain types of actions, the requirement for confirmation from such Rating Agency will not apply.



#### **4.10 Average Life and Prepayment Considerations**

The Maturity Date of the Notes is the Payment Date falling in July 2039 (subject to adjustment for non-Business Days); however, the principal of the Notes of each Class is expected to be paid in full prior to the Maturity Date. Average life refers to the average amount of time that will elapse from the date of delivery of a Note until the principal of such Note will be paid in full to the investor. The average lives of the Notes will be determined by the amount and frequency of principal payments, which are dependent upon, among other things, the amount of payments received at or in advance of the scheduled maturity of the Collateral Debt Obligations (whether through sale, maturity, redemption, default or other liquidation or disposition). The actual average lives and actual maturities of the Notes will be affected by the financial condition of the Obligor of the underlying Collateral Debt Obligations and the characteristics of such loans, including the existence and frequency of exercise of any optional or mandatory prepayment features, the prevailing level of interest rates, the repayment price, the actual default rate, the actual level of recoveries on any Defaulted Obligations and the timing of defaults and recoveries, and the frequency of tender or exchange offers for such Collateral Debt Obligations. Collateral Debt Obligations may be subject to optional prepayment by the Obligor of such loans. Any disposition of a Collateral Debt Obligation may change the composition and characteristics of the Collateral Debt Obligations and the rate of payment thereon and, accordingly, may affect the actual average lives of the Notes. The rate of and timing of future defaults and the amount and timing of any cash realisation from Defaulted Obligations will also affect the maturity and average lives of the Notes. The ability of the Issuer, or the Collateral Manager on its behalf, to reinvest any Principal Proceeds and the decisions made regarding whether or not to reinvest such proceeds will also affect the average lives of the Notes.

#### **4.11 Noteholders' Resolutions**

The Trust Deed includes provisions for the passing of Resolutions (whether at a Noteholders' meeting by way of vote or by Written Resolution) of the Noteholders in respect of (among any other matters) amendments to the Conditions of the Notes and/or the Transaction Documents. Such provisions include, among other things, (i) quorum requirements for the holding of Noteholders' meetings and (ii) voting thresholds required to pass Resolutions at such meetings (or through Written Resolutions). The quorum required for a meeting of Noteholders (other than an adjourned meeting or a meeting of a particular Class or Classes) to pass an Ordinary Resolution or an Extraordinary Resolution is one or more persons holding or representing not less than, respectively, 50% or 66 2/3% of the aggregate of the Principal Amount Outstanding of each Class of Notes or the relevant Class or Classes of Notes, as applicable. In both cases, the quorum is less at an adjourned meeting. The voting threshold at any Noteholders' meeting in respect of an Ordinary Resolution or an Extraordinary Resolution of all Noteholders is, respectively, more than 50% or at least 66 2/3% of the aggregate of the Principal Amount Outstanding of the Notes of each Class of those Notes represented at the meeting. Accordingly, it is likely that, at any meeting of the Noteholders, an Ordinary Resolution or an Extraordinary Resolution may be passed with less than 50% or 66 2/3% respectively of all the Noteholders of each Class of Notes or relevant Class or Classes of Notes, as applicable. See Condition 13 (Meetings of Noteholders, Modification, Waiver and Substitution). Any Ordinary Resolution or Extraordinary Resolution duly passed by Noteholders will bind all Noteholders of each affected Class of Notes.

#### **4.12 Voting Rights upon an Event of Default and Enforcement**

If an Event of Default occurs and is continuing, the Trustee may, at its discretion and shall, if so directed by the Senior Noteholders acting by Extraordinary Resolution (subject, in each case, to being pre-funded and/or indemnified and/or secured to its satisfaction), give notice to the Issuer that all the Notes are to be immediately due and payable. At any time after the Notes become due and payable and the security under the Trust Deed becomes enforceable, the Trustee may, at its

discretion, and shall if so directed by the Senior Noteholders acting by Extraordinary Resolution (subject as aforesaid), institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Notes and pursuant and subject to the terms of the Trust Deed and the Notes, realise and/or otherwise liquidate or sell the Collateral in whole or in part and/or take such action as may be permitted under applicable laws against any Obligor in respect of the Collateral and/or take any other action to enforce the security over the Collateral. See Conditions 9 (*Events of Default*) and 10 (*Enforcement*).

#### **4.13 Net Proceeds less than Aggregate Amount of the Notes**

The proceeds received by the Issuer on the Issue Date from the issuance of the Notes, net of certain fees and expenses, will be less than the aggregate Principal Amount Outstanding of the Notes. Consequently, it is anticipated that on the Issue Date the proceeds of the Collateral will be insufficient to redeem the Notes upon the occurrence of an Event of Default on or about that date.

#### **4.14 Additional issuances of Subordinated Notes not subject to anti-dilution rights**

The Issuer may issue and sell additional Notes, subject to the satisfaction of a number of conditions, including that the holders of the relevant Class of Notes in respect of which further Notes are issued shall have been afforded the opportunity to purchase additional Notes of the relevant Class in an amount not to exceed the percentage of the relevant Class of Notes each holder held immediately prior to the issuance of such additional Notes. Accordingly, the proportion of Subordinated Notes held by a Subordinated Noteholder may be diluted following an additional issuance of Subordinated Notes. See Condition 16 (*Additional Issuances*)

### **5 RELATING TO THE COLLATERAL**

#### **5.1 The Portfolio**

The decision by any prospective holder of Notes to invest in such Notes should be based, among other things (including, without limitation, the identity of the Collateral Manager), on the Eligibility Criteria which each Collateral Debt Obligation is required to satisfy, as disclosed in this Prospectus and on the Portfolio Profile Tests, Collateral Quality Tests and Senior Par Value Test (each as described in "*The Management Criteria*") that the Portfolio is required to satisfy as at the Acquisition Date and thereafter (save as described herein). This Prospectus does not contain any information regarding the individual Collateral Debt Obligations on which the Notes will be secured from time to time. Purchasers of any of the Notes will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments to be made by the Issuer and, accordingly, will be dependent upon the judgment and ability of the Collateral Manager in acquiring investments for purchase on behalf of the Issuer on the Issue Date and during the life of the Notes. No assurance can be given that the Issuer will be successful in obtaining suitable investments or that, if such investments are made, the objectives of the Issuer will be achieved.

Neither the Issuer nor the Initial Purchaser has made any investigation into the Obligors of the Collateral Debt Obligations. The value of the Portfolio may fluctuate from time to time (as a result of relinquishment or release of and reinvestment in the beneficial interest in Collateral Debt Obligations or otherwise) and none of the Issuer, the Trustee, the Initial Purchaser, the Collateral Manager, the Collateral Administrator, any other Agent or any of their Affiliates are under any obligation to maintain the value of the Collateral Debt Obligations at any particular level. None of the Issuer, the Trustee, the Collateral Manager, the Collateral Administrator, any other Agent, the Vendor Trustee, the Initial Purchaser or any of their Affiliates has any liability to the Noteholders as to the amount or value of, or any decrease in the value of or inability to obtain a valuation of, the Collateral Debt Obligations from time to time.

The Collateral is subject to credit, liquidity, interest rate, settlement and exchange risks. The market value of the Collateral Debt Obligations will generally fluctuate with, among other things, changes in prevailing interest rates, general economic conditions, the condition of certain financial markets, exchange rate fluctuations, international political events, developments or trends in any particular industry and the financial condition of the borrowers of the Collateral Debt Obligations.

A decrease in the market value of the Collateral Debt Obligations, or inability to obtain a valuation thereof would adversely affect the Sale Proceeds that could be obtained upon the relinquishment or release of the beneficial interest in the Collateral Debt Obligations and could, ultimately, affect the ability of the Issuer to effect an optional redemption of the Notes or pay the principal of the Notes upon release of the beneficial interest in the Collateral Debt Obligations following the occurrence of an Event of Default.

The offering of the Notes has been structured so that the Notes can withstand certain assumed losses relating to defaults on the underlying Collateral Debt Obligations. See "*Ratings of the Notes*". There is no assurance that actual losses will not exceed such assumed losses. If any losses exceed such assumed levels, payments on the Notes could be adversely affected by such defaults. To the extent that a default occurs with respect to any Collateral Debt Obligation securing the Notes and the Issuer releases the beneficial interest in such Collateral Debt Obligation, it is likely that the proceeds of such release will be less than the unpaid principal and interest thereon.

The financial markets periodically experience substantial fluctuations in prices for senior secured and unsecured loans and limited liquidity for such obligations. No assurance can be made that the conditions giving rise to such price fluctuations and limited liquidity will not occur, subsist or become more acute following the Issue Date. During periods of limited liquidity and higher price volatility, the Vendor Trustee's ability to relinquish or release the beneficial interest in the Collateral Debt Obligations on behalf of the Issuer at a price and time that the Issuer deems advantageous may be impaired. As a result, in periods of rising market prices, the Issuer may be unable to participate in price increases fully to the extent that it is either unable to relinquish or release the beneficial interest in Collateral Debt Obligations whose prices have risen or to acquire Collateral Debt Obligations whose prices are on the increase; the Issuer's inability to dispose fully and promptly of positions in declining markets will conversely cause its net asset value to decline as the value of unsold positions is marked to lower prices. A decrease in the market value of the Collateral Debt Obligations would also adversely affect the proceeds of sale that could be obtained upon the sale of the Collateral Debt Obligations and could ultimately affect the ability of the Issuer to pay in full or redeem the Notes.

## **5.2 Acquisition of the Collateral Debt Obligations**

The prices paid to the Vendor Trustee for the beneficial interest in the Collateral Debt Obligations will be an amount equal to the relevant portion of the drawn amount of such Collateral Debt Obligations on the Trust Date on which the beneficial interest in such Collateral Debt Obligations is acquired by the Issuer, which may be greater or less than their market value on the Issue Date or the date of settlement of the applicable acquisition, if later. Prospective investors should note that if the Collateral Manager decides to relinquish or release the beneficial interest in a Collateral Debt Obligation, the beneficial interest in such Collateral Debt Obligation will be released or re-acquired at the amount to be agreed by the Vendor Trustee and the Collateral Manager (on behalf of the Issuer) at such time, which may be less than the amount paid by the Issuer upon acquisition of such beneficial interest.

Furthermore, although such obligations are required to satisfy the Eligibility Criteria on the relevant Trust Date, it is possible that such obligations may no longer satisfy such Eligibility Criteria after such acquisition due to intervening events. The requirement that the Eligibility Criteria be satisfied applies only at the time that any commitment to acquire the beneficial interest in a Collateral Debt Obligation is entered into and any failure by such obligation to satisfy the Eligibility Criteria at a

later stage will, subject as aforesaid, not result in any requirement to relinquish it, release it or take any other action. However, if the beneficial interest in the Collateral Debt Obligation is to be relinquished or released because it did not meet the Eligibility Criteria on the date it was acquired by the Issuer, the beneficial interest in the Collateral Debt Obligation will be relinquished or released and, pursuant to the Vendor Trust Deed, the Vendor Trustee shall be obliged to reacquire the beneficial interest therein at the price at which it was acquired.

On the Acquisition Date, amounts which will be used to acquire the Collateral Debt Obligations will be deposited in the Principal Account, subject to any netting arrangements.

### **5.3 Nature of the Collateral**

The Collateral on which the Notes and the claims of the other Secured Parties are secured will be subject to credit, liquidity, interest rate, settlement and exchange rate risks. The Portfolio which will secure the Notes will comprise the Trust Assets acquired by the Issuer pursuant to the Vendor Trust Deed and any Eligible Investments.

The subordination levels of the Subordinated Notes will be established to withstand certain assumed deficiencies in payment caused by defaults on the related Collateral Debt Obligations. If, however, actual payment deficiencies exceed such assumed levels, payments on the Notes could be adversely affected. Whether and by how much defaults on the Collateral Debt Obligations adversely affect each Class of Notes will be directly related to the level of subordination thereof pursuant to the Priorities of Payment. See 4.4 "*Subordination of the Senior Notes and the Subordinated Notes*". The risk that payments on the Notes could be adversely affected by defaults on the related Collateral Debt Obligations is likely to be increased to the extent that the Portfolio of Collateral Debt Obligations is concentrated in any one Obligor, industry, region or country as a result of the increased potential for correlated defaults in respect of a single Obligor or within a single industry, region or country as a result of downturns relating generally to such industry, region or country.

To the extent that a default occurs with respect to any Collateral Debt Obligation and the Issuer or Trustee relinquishes or releases the beneficial interest in such Collateral Debt Obligation, the proceeds of such relinquishment or release are likely to be less than the unpaid principal and interest thereon. Even in the absence of a default with respect to any of the Collateral Debt Obligations, the potential volatility and illiquidity of the sub-investment grade loan markets means that the market value of such Collateral Debt Obligations at any time will vary, and may vary substantially, from the price at which the beneficial interest in such Collateral Debt Obligations was initially acquired and from the principal amount of such Collateral Debt Obligations. Accordingly, no assurance can be given as to the amount of proceeds of any relinquishment or release of the beneficial interest in such Collateral Debt Obligations at any time, or that the proceeds of any such relinquishment or release would be sufficient to repay a corresponding par amount of principal of and interest on the Notes after, in each case, paying all amounts payable prior thereto pursuant to the Priorities of Payment.

The Portfolio of Collateral Debt Obligations on which the Notes are secured will comprise of the beneficial interest in the Senior Loans acquired pursuant to the Vendor Trust Deed.

The Senior Loans in the Portfolio consist of Collateral Debt Obligations which are loans to corporate entities. Even in the absence of a default with respect to any of the Collateral Debt Obligations, the potential volatility and illiquidity of the corporate loan markets means that the market value of such Collateral Debt Obligations at any time will vary, and may vary substantially, from the price at which the beneficial interest in such Collateral Debt Obligations were initially acquired and from the principal amount of such Collateral Debt Obligations. Accordingly, no assurance can be given as to the amount of proceeds of any release of such Collateral Debt Obligations at any time, or that the proceeds of any such release would be sufficient to repay a corresponding par amount of principal of and interest on the Notes after, in each case, paying all amounts payable prior thereto pursuant to the

Priorities of Payment. See further 1.5 "*Events in the Corporate Loan and Leveraged Finance Markets*".

Senior Loans are typically at the most senior level of the capital structure. Senior Loans may be secured by specific collateral, including but not limited to, trademarks, patents, accounts receivable, inventory, equipment, buildings, real estate, franchises and common and preferred stock of the Obligor and its subsidiaries or any applicable associates liens relating thereto. In continental Europe, security is often limited to shares in certain group companies, accounts receivable, bank account balances and intellectual property rights. This security may well not be perfected.

The majority of Senior Loans bear interest based on a floating rate index, for example EURIBOR or LIBOR, the certificate of deposit rate, a prime or base rate (each as defined in the applicable loan agreement) or other index, which may reset daily (as most prime or base rate indices do) or offer the borrower a choice of one, two, three, six, nine or twelve month interest and rate reset periods.

Senior Loans may also provide for restrictive covenants designed to limit the activities of the Obligors thereunder in an effort to protect the rights of lenders to receive timely payments of interest on, and repayment of, principal of the loans. Such covenants may include restrictions on dividend payments, specific mandatory minimum financial ratios, limits on total debt and other financial tests. A breach of covenant (after giving effect to any cure period) under a Senior Loan which is not waived by the lending syndicate normally is an event of acceleration which allows the syndicate to demand immediate repayment in full of the outstanding loan.

In order to induce banks and institutional investors to invest in a Senior Loan, and to obtain a favourable rate of interest, an Obligor under such an obligation often provides the investors therein with extensive information about its business, which is not generally available to the public. Because of the provision of confidential information, the unique and customised nature of the loan agreement including such Senior Loan, and the private syndication of the loan, Senior Loans are not as easily purchased or sold as publicly traded securities, and historically the trading volume in the loan market has been small relative to, for example, the high yield bond market. Historically, investors in or lenders under European Senior Loans have been predominantly commercial banks and investment banks. The range of investors for such loans has broadened to include money managers, insurance companies, arbitrageurs, bankruptcy investors and mutual funds seeking increased potential total returns and portfolio managers of trusts or special purpose companies issuing collateralised bond and loan obligations. As secondary market trading volumes increase, new loans are frequently adopting more standardised documentation to facilitate loan trading which should improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide the degree of liquidity which currently exists in the market. This means that such assets will be subject to greater disposal risk in the event that such assets are sold following enforcement of the security over the Collateral or otherwise.

A non-investment grade loan or debt obligation or an interest in a non-investment grade loan is generally considered speculative in nature and may become a Defaulted Obligation for a variety of reasons. Upon any Collateral Debt Obligation becoming a Defaulted Obligation, such Defaulted Obligation may become subject to either substantial workout negotiations or restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal and a substantial change in the terms, conditions and covenants in respect of such Defaulted Obligation. In addition, such negotiations or restructuring may be quite extensive and protracted over time, and therefore may result in uncertainty with respect to ultimate recovery on such Defaulted Obligation. The liquidity for Defaulted Obligations may be limited, and to the extent that Defaulted Obligations are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon. Furthermore, there can be no assurance that the ultimate recovery in any Defaulted Obligation will be at least equal either to the minimum

recovery rate assumed by the Rating Agency in rating the Senior Notes or any recovery rate used in the analysis of the Notes that may have been prepared by the Initial Purchaser for or at the direction of the Noteholders.

Loans are generally prepayable in whole or in part at any time at the option of the obligor thereof at par plus accrued and unpaid interest thereon. Prepayments on loans may be caused by a variety of factors, which are difficult to predict. Accordingly, there exists a risk that loans purchased at a price greater than par may experience a capital loss as a result of such a prepayment. In addition, principal proceeds received upon such a prepayment are subject to reinvestment risk. Any inability of the Issuer to reinvest payments or other proceeds in Collateral Debt Obligations with comparable interest rates that satisfy the Reinvestment Criteria or Post-Reinvestment Period Criteria (as applicable) may adversely affect the timing and amount of payments and distributions received by the Noteholders and the yield to maturity of the Notes. There can be no assurance that the Issuer will be able to reinvest proceeds in Collateral Debt Obligations with comparable interest rates that satisfy the Reinvestment Criteria or Post-Reinvestment Period Criteria (as applicable) or (if it is able to make such reinvestments) as to the length of any delays before such investments are made. "

#### **5.4 The Vendor Power of Attorney – Limitations on Enforcing Collateral Debt Obligations Against Obligors**

The Trust Assets will not be assigned to the Issuer and legal title to the Collateral Debt Obligations will remain with Barclays Bank PLC in its capacity as Vendor Trustee under the Vendor Trust. Accordingly, neither the Issuer nor the Trustee will be in privity of contract with the Obligors under the Collateral Debt Obligations and will not have the right to assert claims or effect remedies directly against the Obligors. In the event of defaults by Obligors under the Collateral Debt Obligations, the Issuer and the Trustee will have rights solely against the Vendor under the Vendor Trust Deed and will have no rights against the Obligors under the Collateral Debt Obligations and only Barclays Bank PLC will be entitled to take any remedial actions or exercise any votes permitted to be taken or given thereunder.

In order to mitigate this position, the Vendor Power of Attorney is drafted such that it will allow the Issuer, the Collateral Manager on behalf of the Issuer or, where applicable, the Trustee to act in the name of Barclays Bank PLC to enforce the Collateral Debt Obligations against the Obligors and collect the proceeds therefrom upon the occurrence of certain events of default, without the need to seek the leave of a court under English insolvency laws.

However, in certain jurisdictions, procedural formalities may need to be completed in order for a local court to recognise the Vendor Power of Attorney. Although it is not intended that such formalities will be completed, the Trustee shall have the right to require completion of any such formalities following the Issue Date and the Vendor Trustee undertakes to provide the Trustee with any required assistance in doing so. Furthermore, if the long-term senior unsecured debt rating by Moody's of Barclays Bank PLC is downgraded to below "Baa3", the Vendor Trustee shall be required to complete all such applicable formalities.

#### **5.5 Risks Arising on an Insolvency of Barclays Bank PLC**

The Vendor Trust Deed creates in favour of the Issuer a beneficial interest in the Trust Assets. In the event a liquidator or administrator were to be appointed in respect of the business and property of Barclays Bank PLC in the United Kingdom, the Issuer believes and has received legal advice and a legal opinion confirming that the Vendor Trust (upon execution of the Vendor Trust Deed) will be validly constituted and that the effect of the Vendor Trust will be to remove the beneficial interest in the Trust Assets acquired by the Issuer under the Vendor Trust Deed from the property of Barclays Bank PLC available to a liquidator or administrator of Barclays Bank PLC for distribution to the

general creditors of Barclays Bank PLC. There can be no assurance, however, that a court would reach the same conclusion.

It is possible that a liquidator or administrator appointed in relation to the business and property of Barclays Bank PLC may commence proceedings to challenge the validity and effectiveness of the Vendor Trust for the purpose of including the beneficial interest in the Trust Assets acquired by the Issuer under the Vendor Trust Deed in the property and estate of Barclays Bank PLC. If proceedings were commenced against the Issuer or in relation to the Vendor Trust, delays in distributions on the Notes, possible reductions in the amount of payments of principal and interest on the Notes and limitations on the exercise of remedies under the Transaction Documents could occur.

## **5.6 Servicing by Barclays Bank PLC**

Barclays Bank PLC, as the named lender under the Loan Agreements, will agree to service the Collateral Debt Obligations made thereunder in accordance with its ordinary business practice, subject to certain contractual restrictions contained in the Vendor Trust Deed. The Issuer will be dependent upon Barclays Bank PLC and its servicing activities and the performance of its obligations under the Vendor Trust Deed in order to receive amounts due from Obligor under the Collateral Debt Obligations. Barclays may at any time transfer all or part of the servicing of the Collateral Debt Obligations (or any of its roles or functions (or parts thereof)) under the Transfer Documents) to one or more Barclays Reorganisation Affiliates in connection with a Barclays Regulatory Reorganisation, subject to certain limitations. See “*Description of the Collateral Management Agreement*”.

## **5.7 Restrictions on Transfers of Loan Agreements**

There are provisions in some of the Loan Agreements which limit or restrict the transfer or assignment of the Collateral Debt Obligations and the related Loan Agreement. The Vendor Trust Deed has been structured with the intention that such limitations or restrictions are not contravened by the creation of the Vendor Trust which will remain in force. However, as some Collateral Debt Obligations may be governed by laws other than English law, there can be no assurance that, under such laws, the Vendor Trust would not be construed as breaching any such limitations or restrictions and, if that was the case, set-off risk will be heightened (as to which, see 1.43). Such limitations or restrictions on transfer and the provisions of the Vendor Trust Deed will not permit the appointment of a substitute Vendor Trustee even in the event of a default by the Vendor in the performance of its obligations thereunder. However, under the Vendor Power of Attorney the Issuer may enforce, in the name of the Vendor Trustee, the rights of the Vendor Trustee to collect in the Collateral Debt Obligations (see further 5.4 “*The Vendor Power of Attorney – Limitations on Enforcing Collateral Debt Obligations Against Obligors*”).

## **5.8 Certain Set-off Considerations**

In the event of an insolvency of Barclays Bank PLC but prior to a liquidation of Barclays Bank PLC or an administration of Barclays Bank PLC where the administrator has not given notice of his intention to make distributions to creditors, an Obligor which also has a deposit with Barclays Bank PLC or to whom Barclays Bank PLC owes other obligations may attempt to satisfy its payment obligation in respect of the relevant Collateral Debt Obligation by setting off its deposit or other obligations against such payment obligation. The risk of set-off is increased as the legal title remains with the Vendor under the Vendor Trust and notice of the Vendor Trust will not be given to the Obligors.

The occurrence of set-off, whether contractual set-off or on an insolvency of Barclays Bank PLC or an Obligor, may reduce the amounts realised from the Trust Assets upon an enforcement of the security in respect of the Notes.

The Issuer has received legal advice that, as a matter of English law, mandatory insolvency set-off upon an insolvency of Barclays Bank PLC should not apply as between amounts due from Obligors under the Collateral Debt Obligations and amounts due from Barclays Bank PLC to such Obligors under other arrangements, provided that the Eligibility Criteria are satisfied in respect of such Collateral Debt Obligations and the Vendor Trust is not construed as breaching any limitations or restrictions on the transfer or assignment of such Collateral Debt Obligations, as the trust declared by Barclays Bank PLC over such Collateral Debt Obligations pursuant to the Vendor Trust Deed should result in there not being the requisite mutuality for such set-off to apply.

## **5.9 Commingling and asset identification risk**

The Vendor Trust requires that the Trust Assets the subject of such Vendor Trust are clearly identified. Barclays Bank PLC will identify each Trust Asset by reference to its internal code used by Barclays Bank PLC to identify the exact Trust Asset on its data systems. If the incorrect internal code is shown on the relevant reports, the Vendor Trust will not be effective over the intended Trust Asset and such asset would not form part of the portfolio available to the Issuer. As a mitigant, an audit report is required to be delivered by a certified firm of public accountants to the Collateral Manager and Rating Agency pursuant to clauses 13.5 (*Accountant's Certificates*) and 13.6 (*Additional Information to be verified by the Accountants*) of the Collateral Management Agreement, which verifies, amongst other things, the internal code used by the Vendor Trustee to identify each Trust Asset on its data systems for each Collateral Debt Obligation in a specified sample.

For the Vendor Trust in respect of any Trust Assets to be effective, the Trust Assets must be clearly identified and, in respect of any interest, principal or other distribution or proceeds received by Barclays Bank PLC in respect thereof, they must also be segregated upon receipt by Barclays Bank PLC. In this regard Noteholders should note that, to the extent such interest, principal or other distribution or proceeds received as cash are paid into Barclays Bank PLC's own account rather than in a segregated account on trust for the Issuer, such cash is likely to lose its identity and may not be subject to the trust although this is unlikely to affect the validity of the trust over the receivables giving rise to such cash proceeds. It may therefore be the case that, upon the insolvency of Barclays Bank PLC and in the period of time between Barclays Bank PLC receiving Trust Assets in the form of cash and the payment of such Trust Assets into accounts in the name of the Issuer, such Trust Assets would not be sufficiently identifiable so as to form part of the Vendor Trust and would therefore form part of the general estate of Barclays Bank PLC and the Issuer would have to claim as general creditors of Barclays Bank PLC for such amounts. However, pursuant to the terms the Vendor Trust, Barclays Bank PLC undertakes that, upon receipt by it of Trust Assets in the form of cash, it shall, following an insolvency of Barclays Bank PLC, pay such Trust Assets to accounts of the Issuer following receipt thereof.

Noteholders should also note that upon an administration or liquidation of Barclays Bank PLC, the Issuer would be reliant on the administrator or liquidator of Barclays Bank PLC complying with the Barclays Bank PLC's undertaking to segregate and clearly identify any interest, principal or other distribution or proceeds in respect of the Trust Assets upon receipt of such amounts by Barclays Bank PLC. However, if the administrator or liquidator does not do so, and instead such amounts are paid into the Vendor Trustee's bankrupt estate, the trust over such amounts may be ineffective due to lack of ability to identify such amounts.

As a mitigant, the Vendor Power of Attorney is drafted such that it will allow the Issuer, the Collateral Manager on behalf of the Issuer or, where applicable, the Trustee to act in the name of Barclays Bank PLC to enforce the Collateral Debt Obligations against the Obligors and collect the proceeds therefrom following a default or the occurrence of certain insolvency related events in respect of Barclays Bank PLC. See further 5.4 "*The Vendor Power of Attorney – Limitations on Enforcing Collateral Debt Obligations Against Obligors*".



### **5.10 Account Bank Risk**

Prospective investors should note that the Issuer will also be exposed to credit risk of the Account Bank in respect of the funds standing to the credit of the Accounts. Any default in its payment obligations in respect of the Accounts by the Account Bank may have a material adverse effect on the Issuer. Prior to the Acquisition Date, amounts which will be used to acquire the Collateral Debt Obligations will be deposited in the Principal Account and therefore exposed to the credit risk of the Account Bank.

In the event that any of the Account Bank is subject to a rating withdrawal or downgrade to below the applicable Rating Requirement, the Issuer shall use its reasonable endeavours to procure the appointment of a replacement account bank with the applicable Rating Requirement and which is acceptable to the Trustee within 30 Business Days of such withdrawal or downgrade.

### **5.11 Security; Fixed Charge**

Although the security constituted by the Trust Deed over the Collateral Debt Obligations and Eligible Investments held from time to time, including the security over the Accounts is expressed to take effect as fixed security, under English law it is likely to (as a result of the acquisition and disposal of Collateral Debt Obligations contemplated by the Collateral Management Agreement and the payments to be made from the Accounts in accordance with the Conditions and the Trust Deed) take effect as a floating charge which, in particular, would rank after a subsequently created fixed security interest. However, the Issuer has covenanted not to create any such subsequent security interests (other than permitted under the Trust Deed) without the consent of the Trustee. Any risk of loss arising from any insufficiency or ineffectiveness of the security for the Notes must be borne by the Noteholders without recourse to the Issuer, the Trustee, the Initial Purchaser, the Collateral Manager, the Collateral Administrator or any other party.

### **5.12 Concentration Risk**

The Issuer will invest in a Portfolio of Collateral Debt Obligations consisting of the beneficial interest in the Collateral Debt Obligations acquired pursuant to the Vendor Trust Deed. Although no significant concentration with respect to any particular Obligor, industry or country is expected to exist, the concentration of the Portfolio in any one Obligor would subject the Notes to a greater degree of risk with respect to defaults by such Obligor, and the concentration of the Portfolio in any one industry would subject the Notes to a greater degree of risk with respect to economic downturns relating to such industry. The Portfolio Profile Tests and Collateral Quality Tests attempt to mitigate any concentration risk in the Portfolio.

### **5.13 Interest Rate Risk**

A portion of the Collateral Debt Obligations may bear interest at a fixed rate for a certain period, typically five to ten and a half years from the issue date of the relevant Collateral Debt Obligation. As a result, there may be a fixed/floating rate mismatch due to the fact that the Notes bear interest at a floating rate. There may also be a timing mismatch between the Notes and any Collateral Debt Obligations and/or any Eligible Investments which, in each case, bear interest at a floating rate as the interest rates on such Collateral Debt Obligations and Eligible Investments may adjust more frequently or less frequently, and on different dates and based on different indices than, those of the Notes. Such mismatches could adversely impact the ability to make payments on the Notes.

### **5.14 Currency Risk**

The Senior Notes are denominated in USD, EUR and GBP, and the Collateral Debt Obligations likewise are denominated in USD, EUR and GBP. However, there can be no assurance that from

time to time the relevant portion of the Aggregate Principal Balance of the Collateral Debt Obligations denominated in one such currency represents the same proportion of the Principal Amount Outstanding of the Senior Notes denominated in such currency as compared to the Principal Amount Outstanding of all Senior Notes. However, to mitigate this potential mismatch, in effecting reinvestments of Collateral Debt Obligations the Collateral Manager will be subject to the Currency Priority Requirements.

In addition, fluctuations in EUR, USD or GBP exchange rates may result in a decrease in value of the Portfolio for the purposes of disposal thereof upon enforcement of the security over it.

Distributions on the Subordinated Notes may be denominated in Euro and/or Sterling and/or U.S. Dollars. See Condition 5(a)(ii) (*Subordinated Notes*).

#### **5.15 Jurisdiction Considerations relating to Collateral Debt Obligations**

Collateral Debt Obligations may be subject to various laws enacted for the protection of creditors in the countries of the jurisdictions of incorporation of Obligor and, if different, in which the Obligor conduct business and in which they hold the assets, which may adversely affect such Obligor's abilities to make payment on a full or timely basis. These insolvency considerations will differ depending on the country in which each Obligor is located or domiciled and may differ depending on whether the Obligor is a non-sovereign or a sovereign entity. The different insolvency regimes applicable in different jurisdictions result in a corresponding variability of recovery rates for the Collateral Debt Obligations entered into by Obligor in such jurisdictions, delays in distributions on the Notes. No reliable historical data is available.

Furthermore, in certain jurisdictions where certain Obligor may be incorporated, third party creditors of Barclays Bank PLC may in certain circumstances obtain rights *in rem* in respect of amounts due under the Collateral Debt Obligations. Such rights may have priority over the rights of the Issuer to receive such amounts and may therefore be prejudicial to the Issuer's rights and interest in such Collateral Debt Obligations. These insolvency considerations will differ depending on the country in which each Obligor is located or domiciled and may differ depending on whether the Obligor is a non-sovereign or a sovereign entity.

The different insolvency regimes applicable in the different jurisdictions result in a corresponding variability of recovery rates for the Collateral Debt Obligations entered into by Obligor in such jurisdictions. No reliable historical data is available.

### **6 INDEPENDENT REVIEW AND ADVICE**

Each prospective purchaser of Notes is responsible for its own independent appraisal of and investigation into the risks in respect of the Notes and their terms, including, without limitation, any tax, accounting, credit, legal and regulatory risks.

A prospective purchaser of the Notes should have such knowledge and experience in financial and business matters and expertise in assessing credit risk that it is capable of evaluating the merits, risks and suitability of investing in such Notes including any credit risk associated with the Obligor and the Issuer. None of the Issuer or any of the parties to the Transaction Documents will have any responsibility or duty to make any such investigations, to keep any such matters under review or to provide the prospective purchasers of the Notes with any information in relation to such matters or to advise as to the attendant risks.

Although the Initial Purchaser, Collateral Manager, and/or their respective affiliates may have entered into and may from time to time enter into business transactions with the Obligor of any Collateral Debt Obligations, the Initial Purchaser, Collateral Manager, and/or their respective

affiliates at any time may or may not hold obligations of or have any business relationship with any particular Obligor.

## **7 CERTAIN PROVISIONS OF THE COLLATERAL MANAGEMENT AGREEMENT**

The Collateral Manager is given authority in the Collateral Management Agreement to act as Collateral Manager to the Issuer in respect of the Portfolio pursuant to and in accordance with the parameters and criteria set out in the Collateral Management Agreement. See "*The Management Criteria*" and "*Description of the Collateral Management Agreement*".

The powers and duties of the Collateral Manager in relation to the Portfolio include effecting, on behalf of the Issuer, the relinquishment or release of the beneficial interest in the Collateral Debt Obligation and the Related Security at any time, upon the occurrence of certain events (including a Collateral Debt Obligation becoming a Defaulted Obligation or a Credit Impaired Obligation), in accordance with the provisions of the Collateral Management Agreement.

The performance of any investment in the Notes will be dependent in part on the ability of the Collateral Manager to monitor the Portfolio and effect relinquishments and acquisitions of the beneficial interest in Collateral Debt Obligations and the Related Security, on the exercise by the Collateral Manager of its rights as described above and on the performance of the Collateral Manager of its obligations under the Collateral Management Agreement. The loss by the Collateral Manager of a number of key individuals could have a material adverse effect on the ability of the Collateral Manager to perform its obligations under the Collateral Management Agreement.

Although the Collateral Manager is required, pursuant to its entry into the Collateral Management Agreement, to commit an appropriate amount of its business efforts to the management of the Portfolio, the Collateral Manager is not required to devote all of its time to such affairs and may continue to advise and manage other investment funds in the future.

## **8 REINVESTMENT RISK; UNINVESTED CASH BALANCES**

To the extent the Collateral Manager maintains uninvested cash balances, portfolio income will be reduced which will result in reduced amounts available for payment on the Notes. In general, the larger the amount and the longer the time period during which cash balances remain uninvested the greater the adverse impact on portfolio income which will reduce amounts available for payment on the Notes and in particular, the Subordinated Notes. The extent to which cash balances remain uninvested will be subject to a variety of factors, including future market conditions and is difficult to predict.

During the Reinvestment Period, subject to criteria and certain limitations described herein, the Collateral Manager will have discretion to relinquish or release the beneficial interest of certain Collateral Debt Obligations and to reinvest the proceeds thereof in Substitute Collateral Debt Obligations in compliance with the Reinvestment Criteria. In addition, during the Reinvestment Period, to the extent that any Collateral Debt Obligations prepay or mature prior to the stated maturity, the Collateral Manager will seek, subject to the Reinvestment Criteria, to invest the proceeds thereof in Substitute Collateral Debt Obligations. The yield with respect to such Substitute Collateral Debt Obligations will depend, among other factors, on reinvestment rates available at the time, on the availability of investments satisfying the Reinvestment Criteria and acceptable to the Collateral Manager, and on market conditions related to bank loans in general. The need to satisfy such Reinvestment Criteria and identify acceptable investments may require the acquisition of the beneficial interest in Collateral Debt Obligations with a lower yield than those replaced, with different characteristics than those replaced (including, but not limited to, coupon, maturity, call features and/or credit quality) or require that such funds be maintained in cash pending reinvestment in Substitute Collateral Debt Obligations, which will further reduce the yield of the Aggregate

Collateral Balance. Any decrease in the yield on the Aggregate Collateral Balance will have the effect of reducing the amounts available to make distributions on the Notes which will adversely affect cash flows available to make payments on the Notes, especially the Subordinated Notes. There can be no assurance that in the event the beneficial interest in Collateral Debt Obligations are relinquished or released or the Collateral Debt Obligations are prepaid, or mature, yields on Collateral Debt Obligations that are eligible for acquisition will be at the same levels as those replaced, and there can be no assurance that the characteristics of any Substitute Collateral Debt Obligations acquired will be the same as those replaced and there can be no assurance as to the timing of the acquisition of the beneficial interest in any Substitute Collateral Debt Obligations.

The reduced liquidity and lower volume of trading in bank loans, in addition to restrictions on investment represented by the Reinvestment Criteria, could result in periods of time during which the Issuer is not able to fully invest its cash in Collateral Debt Obligations. The longer the period between reinvestment of cash in Collateral Debt Obligations, the greater the adverse impact may be on aggregate Interest Proceeds collected and distributed by the Issuer, including on the Notes, especially the Subordinated Notes, thereby resulting in lower yields than could have been obtained if Sale Proceeds and Principal Proceeds were immediately reinvested. In addition, bank loans are often prepayable by the borrowers thereunder with no, or limited, penalty or premium. As a result, bank loans generally prepay more frequently than other corporate debt obligations of the obligors thereof. Senior bank loans usually have shorter terms than more junior obligations and often require mandatory repayments from excess cash flow, asset dispositions and offerings of debt and/or equity securities. The increased levels of prepayments and amortisation of bank loans increase the associated reinvestment risk on the Collateral Debt Obligations which risk will first be borne by holders of the Subordinated Notes and then by holders of the Senior Notes.

In addition, the amount of Collateral Debt Obligations owned at closing, the timing of purchases of additional Collateral Debt Obligations after the Issue Date and the scheduled interest payment dates of those Collateral Debt Obligations may have a material impact on collections of Interest Proceeds during the first Due Period, which could affect interest payments on the Senior Notes and the payment of distributions to the Subordinated Notes on the first Payment Date.

## **9 RISKS OF A LEVERAGED INVESTMENT**

The Issuer will utilise a high degree of investment leverage. The use of leverage is a speculative investment technique which increases the risk to the holders of the Notes, particularly the Subordinated Notes. In certain scenarios, the Notes may not be paid in full, and the Subordinated Notes and the Senior Notes may be subject to a partial or a 100% loss of invested capital. The Subordinated Notes represent the most junior securities in a highly leveraged capital structure. As a result, any deterioration in performance of the asset portfolio, including defaults and losses, a reduction of realised yield or other factors, will be borne first by holders of the Subordinated Notes, and then by the holders of the Senior Notes in reverse order of seniority.

In addition, the failure to meet the Senior Par Value Test will result in cash flow that may have been otherwise available for distribution to the Subordinated Notes or for reinvestment in Collateral Debt Obligations being applied on the next Payment Date to make principal payments on the Senior Notes until the Senior Par Value Test has been satisfied. This feature will likely reduce the return on the Subordinated Notes and cause temporary or permanent suspension of distributions to the Subordinated Notes.

Issuer expenses (including management fees) are generally based on a percentage of the total asset portfolio of the Issuer, including the assets obtained through the use of leverage. Given the leveraged capital structure of the Issuer, expenses attributable to any particular Notes will be higher because such expenses will be based on total assets of the Issuer.

## **10 NO FIDUCIARY ROLE**

None of the Issuer, any of the parties to the Transaction Documents or any of their respective affiliates is acting as an investment advisor, and none of them (other than the Trustee) assumes any fiduciary obligation, to any purchaser of Notes.

None of the Issuer or any of the parties to the Transaction Documents assumes any responsibility for conducting or failing to conduct any investigation into the business, financial condition, prospects, creditworthiness, status and/or affairs of an Obligor of a Collateral Debt Obligation.

None of such parties makes any representation or warranty, express or implied, as to any of such matters.

## **11 PROVISION OF INFORMATION**

The Issuer, the parties to the Transaction Documents and any of their respective affiliates and, in particular, Barclays Bank PLC as originator of the Collateral Debt Obligations, whether by virtue of the types of relationships described herein or otherwise, may possess information in relation to any Obligor of a Collateral Debt Obligation, any affiliate of an Obligor of a Collateral Debt Obligation or any guarantor or an Obligor of a Collateral Debt Obligation that is or may be material in the context of these Notes and that may or may not be publicly available or known. The Notes will not create any obligation on the part of any of the Issuer, the parties to the Transaction Documents and any of their respective affiliates to disclose any such relationship or information (whether or not confidential) other than any such information contained in the Reports. Each of such persons may have acquired, or during the term of the Notes may acquire, confidential information with respect to the Collateral Debt Obligations or Obligors of Collateral Debt Obligation. None of such persons is under any obligation to make such information available to Noteholders.

This Prospectus does not provide any information on the creditworthiness or likelihood of the occurrence of a default with respect to any Collateral Debt Obligations or Obligors of Collateral Debt Obligations. As the occurrence of a default in respect of a Collateral Debt Obligation or an Obligor of a Collateral Debt Obligation may result in a loss to purchasers of the Notes, each prospective investor is advised, to the extent possible, to make its own assessment of the likelihood of the occurrence of such a default from time to time constituting the Portfolio. See also 12 "*Confidentiality; Limitations on Available Information*".

## **12 CONFIDENTIALITY; LIMITATIONS ON AVAILABLE INFORMATION**

Many loan agreements contain restrictions on the ability of the originator of such loan to disclose information regarding the Obligor thereunder. The Vendor Trustee may be restricted by such agreements from disclosing information regarding the Obligors to the Issuer. In addition, neither the Issuer nor any of the parties to the Transaction Documents are obliged to provide Noteholders with any information relating to the Collateral Debt Obligations or the Obligors other than that contained in the Reports. The Issuer may be prevented from including certain information in the Reports if the Vendor Trustee is restricted from providing it due to a confidentiality agreement or clause in a Loan Agreement.

## **13 CERTAIN CONFLICTS OF INTEREST**

### **13.1 Certain Conflicts of Interest between the Various Parties**

Various potential and actual conflicts of interest may arise from the overall management, investment and other activities of the Collateral Manager, its Affiliates and its clients and from the conduct by the Initial Purchaser and its Affiliates of other transactions with the Issuer, as a party to or in

connection with the investment of any funds in Eligible Investments or as Vendor Trustee in respect of the Vendor Trust Deed or as Account Bank. The following briefly summarises some of these conflicts, but is not intended to be an exhaustive list of all such conflicts.

*Certain conflicts of interest with respect to the Collateral Manager and its affiliates*

Barclays Bank PLC as the Collateral Manager and/or its Affiliates and its clients may invest in securities that would be appropriate as security for the Notes. Such investments may be different from those made on behalf of the Issuer. The Collateral Manager and its Affiliates may also have ongoing relationships with, render services to or engage in transactions with, companies whose securities are pledged to secure the Notes and may own equity or debt securities issued by Obligors of Collateral Debt Obligations. As a result, officers or Affiliates of the Collateral Manager may possess information relating to Obligors of Collateral Debt Obligations which is not known to the individuals at the Collateral Manager responsible for monitoring the Collateral Debt Obligations and performing the other obligations under the Collateral Management Agreement. In addition, Affiliates and clients of the Collateral Manager may invest in loans and securities that are senior to, or have interests different from or adverse to, the Collateral Debt Obligations that are pledged to secure the Notes. The Collateral Manager and/or its Affiliates may at certain times be simultaneously seeking to purchase or dispose of investments for its or their own account, for the Issuer, or for its clients or Affiliates. Neither the Collateral Manager nor any of its Affiliates is under any obligation to offer investment opportunities of which they have become aware to the Issuer or to account to the Issuer (or share with the Issuer or inform the Issuer of) any such transaction or any benefit received by them from any such transaction. Furthermore, the Collateral Manager and/or its Affiliates may make an investment on behalf of any account that they manage or advise without offering the investment opportunity to or making any investment on behalf of the Issuer. The Collateral Manager and/or its Affiliates have no affirmative obligation to offer any investments to the Issuer or to inform the Issuer of any investments before offering any investments to other funds or accounts that the Collateral Manager and/or its Affiliates manage or advise. Furthermore, Affiliates of the Collateral Manager may make an investment on their own behalf without offering the investment opportunity to, or the Collateral Manager making any investment on behalf of, the Issuer. Affirmative obligations may exist or may arise in the future, whereby Affiliates of the Collateral Manager are obliged to offer certain investments to funds or accounts that such Affiliates manage or advise before or without the Collateral Manager offering those investments to the Issuer. Affiliates of the Collateral Manager have no affirmative obligation to offer any investments to the Issuer or to inform the Issuer of any investments before engaging in any investments for themselves or for other funds or accounts managed or advised by them. The Collateral Manager will endeavour to resolve conflicts with respect to investment opportunities in a manner which it deems equitable to the extent possible under the prevailing facts and circumstances. Although the professional staff of the Collateral Manager will devote as much time to the Issuer as the Collateral Manager deems appropriate to perform its duties in accordance with the Collateral Management Agreement, those staff may have conflicts in allocating its time and services among the Issuer and the Collateral Manager's other accounts.

Investors should note that, in selecting Collateral Debt Obligations for reinvestment by the Issuer, the Collateral Manager will make such selection pursuant to the "*Priority Levels*" provisions described in the Management Criteria. Such requirements remove discretion from the Collateral Manager in making such selection and, as a result, act as a mitigant to the potential risks in respect of conflicts of interest described above.

On the Issue Date, the Collateral Manager and/or one or more of its Affiliates and/or any one or more of the funds managed by the Collateral Manager and/or its Affiliates will acquire the Notes. Prospective Noteholders should note that there is no obligation on the Collateral Manager, its

respective Affiliates or any fund managed by the Collateral Manager or their respective Affiliates to hold, or ensure the holding of, the Notes.

In addition, upon any resignation or removal of the Collateral Manager, other than a resignation pursuant to clause 9.1 of the Collateral Management Agreement, while any of the Notes are Outstanding, the Trustee shall at the direction of (x) the holders of the Senior Noteholders, acting by way of Ordinary Resolution; or (y) the holders of the Subordinated Notes acting by way of Ordinary Resolution, within a reasonable period following its receipt of notice of such purported resignation or removal (and the Trustee endeavours to act promptly upon receiving such notice) appoint a successor Collateral Manager. The appointment of a successor Collateral Manager is subject to the Successor Conditions which include, among other things, (i) the prior consent of the Issuer; and (ii) the prior consent of (in the case where the holders of the Subordinated Notes have appointed the successor Collateral Manager) the holders of the Senior Noteholders, acting by Ordinary Resolution and (in the case where the holders of the Senior Noteholders have appointed the successor Collateral Manager) the holders of the Subordinated Notes, acting by Ordinary Resolution of such proposed successor within 21 days of notice of such proposed appointment thereto (which consent may not be unreasonably withheld or delayed) (provided that if the Senior Noteholders, acting by Ordinary Resolution, do not consent to such appointment by the Subordinated Noteholders, the Senior Noteholders, acting by Ordinary Resolution, shall appoint the successor Collateral Manager and such appointment shall not be subject to the consent of the Subordinated Noteholders). Any Notes held by, for the benefit of, for the account of or on behalf of the Collateral Manager and/or its Affiliates and/or any directors, officers or employees of the Collateral Manager, its Affiliates or any fund, partnership, trust, company or other entity with respect to which it acts as Collateral Manager will have no voting rights with respect to any vote (or written direction or consent) in connection with the removal of the Collateral Manager and will be deemed not to be Outstanding in connection with any such vote; provided, however, that any Notes held by or on behalf of the Collateral Manager, their respective Affiliates will have voting rights (including in respect of written directions and consents) with respect to all other matters as to which Noteholders are entitled to vote in accordance with the Collateral Management Agreement. See "*Description of the Collateral Management Agreement*".

*Certain conflicts of interest with respect to the Initial Purchaser and its affiliates*

Barclays Bank PLC, which is also acting as the Initial Purchaser, or its Affiliates will have, respectively, originated the Collateral Debt Obligations at original issuance, may own equity or other securities of Obligors of Collateral Debt Obligations and will have provided investment banking services, advisory, banking and other services to Obligors of Collateral Debt Obligations. The Issuer may invest in the securities of companies affiliated with the Initial Purchaser, the Collateral Manager or their respective Affiliates or companies in which the Initial Purchaser, the Collateral Manager or their respective Affiliates have an equity or participation interest. The purchase, holding and sale of such investments by the Issuer may enhance the profitability of the Initial Purchaser, the Collateral Manager or their respective Affiliates' own investments in such companies.

There is no limitation or restriction on the Collateral Manager, the Initial Purchaser or any of their respective Affiliates with regard to acting as Collateral Manager (or in such similar role) to other parties or persons. This and other future activities of the Collateral Manager, the Initial Purchaser and/or their Affiliates may give rise to additional conflicts of interest.

*Certain conflicts of interest with respect to the Issuer and its affiliates*

The Issuer, the parties to the Transaction Documents and any of their respective affiliates may deal in any obligation, including any Eligible Investments or any Collateral Debt Obligations, and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with, any Obligor of a Collateral Debt Obligation, its affiliates, any other person or entity having obligations relating to an Obligor of a

Collateral Debt Obligation or its affiliates and may act with respect to such business in the same manner as if any Notes did not exist, regardless of whether any such action might have an adverse effect (including, without limitation, any action which might give rise to a default under such Collateral Debt Obligation) on an Obligor of a Collateral Debt Obligation and/or its affiliates. Various potential and actual conflicts of interest may arise between the interests of the Noteholders, on the one hand, and some or all of the Issuer, the parties to the Transaction Documents and any of their respective affiliates, on the other hand. None of the Issuer, the parties to the Transaction Documents nor any of their respective affiliates is required to resolve such conflicts of interest in favour of the Noteholders and may pursue actions and take such steps that it deems necessary or appropriate to protect its interests without regard to the consequences for the Noteholders.

Various potential and actual conflicts of interest may arise between the interests of Barclays Bank PLC as originator or underwriter of a Collateral Debt Obligation, on the one hand, and the Issuer and Noteholders, on the other hand. Barclays Bank PLC is not required to resolve such conflicts of interest in favour of the Noteholders and may pursue actions and take such steps that it deems necessary or appropriate to protect its interests without regard to the consequences for the Noteholders.



## INDEX OF DEFINED TERMS

Capitalised terms not otherwise defined in this Prospectus shall have the meanings set out below.

**2010 PD Amending Directive** means Directive 2010/73/EU.

**Account Bank** means Elavon Financial Services DAC, UK Branch.

**Accounts** means the Principal Account, the Interest Account, the Payment Account, the Expense Reserve Account and the Interest Smoothing Account, the books and records of all of which shall be held in the United Kingdom.

**Accrual Period** means, in respect of each Class of Notes, the period from and including the Issue Date to, but excluding, the third Business Day of the month in which the first Payment Date occurs and for each successive period from and including the third Business Day of the month in which the immediately preceding Payment Date occurs to, but excluding, the third Business Day of the month in which the following Payment Date occurs (or, in the case of the Accrual Period applicable to the Payment Date which is the Redemption Date of any Note, ending on and including the Business Day preceding such Payment Date).

**Acquisition Date** means the First Trust Date.

**Action 6** means, in relation to the OECD Action Plan in relation to BEPS, the prevention of treaty abuse by developing model treaty provisions to prevent the granting of treaty benefits in inappropriate circumstances.

**Additional Issuances** has the meaning given to it in Condition 16 (*Additional Issuances*).

**Administrative Expenses** means amounts due and payable by the Issuer in the following order of priority (in each case, other than where expressly set out below, together with any VAT thereon (and to the extent such amounts relate to costs and expenses, such VAT shall be limited to irrecoverable VAT) whether payable to that party or to the relevant tax authority):

- (a) in the following order of priority, to:
  - (i) on a *pro-rata* basis and *pari passu*, the Agents pursuant to the Agency Agreement and, in the case of the Collateral Administrator, the Collateral Management Agreement, including by way of indemnity and including any negative interest charges of the Account Bank;
  - (ii) the Corporate Services Provider pursuant to the Corporate Services Agreement; and
  - (iii) Euronext Dublin, or such other stock exchange or stock exchanges upon which any of the Notes may be listed from time to time;
- (b) on a *pro-rata* and *pari passu* basis, to:
  - (i) any Rating Agency which may from time to time be requested to assign;
  - (ii) a rating to each of the Senior Notes; or
  - (iii) a confidential credit estimate to any of the Collateral Debt Obligations,

for fees and expenses (including surveillance fees) in connection with any such rating or confidential credit estimate including, in each case, the ongoing monitoring thereof or any feedback sought by the Collateral Manager from a Rating Agency (including but not limited to pre-implementation feedback in connection with any potential modification of the Transaction Documentation or engagement with a Rating Agency in relation to obtaining or maintaining the ratings of the Senior Notes) and any amounts due and payable to any Rating Agency under the terms of the Issuer's engagement with such Rating Agency;

- (c) the independent certified public accountants, auditors, agents and counsel of the Issuer (other than amounts payable to the Agents pursuant to (a) above);
- (d) the Collateral Manager pursuant to the Collateral Management Agreement (including indemnities provided for therein), but excluding any Collateral Management Fees or any VAT payable thereon;
- (e) any other Person in respect of any governmental fee or charge (for the avoidance of doubt excluding any taxes) or any statutory indemnity;
- (f) on a *pro-rata* basis to any other Person in respect of any other fees or expenses contemplated in the Conditions of the Notes and in the Transaction Documents (other than the Collateral Management Agreement) or any other documents (other than the Collateral Management Agreement) delivered pursuant to or in connection with the issue and sale of the Notes, including, without limitation, an amount up to £10,000 per annum in respect of fees and expenses incurred by the Issuer (in its sole and absolute discretion) in assisting in the preparation, provision or validation of data for purposes of Noteholder tax jurisdictions;
- (g) to the Initial Purchaser pursuant to the Subscription Agreement in respect of any indemnity or amount payable to it thereunder;
- (h) to the Vendor pursuant to the Vendor Trust Deed;
- (i) on a *pro-rata* basis to any other Person in connection with satisfying the requirements of the CRA Regulation or the Securitisation Regulation;
- (j) to the payment on a *pro-rata* basis of any fees, expenses or indemnity payments in relation to the restructuring of a Collateral Debt Obligation, including but not limited to a steering committee relating thereto;
- (k) to the payment of any amounts necessary to ensure the orderly dissolution of the Issuer;
- (l) on a *pro-rata and pari passu* basis:
  - (i) on a *pro-rata* basis to any Person (including the Collateral Manager) in connection with satisfying the EU Retention Requirements as applicable to the Issuer only, including any costs or fees related to additional due diligence or reporting requirements;
  - (ii) costs of complying with FATCA; and
- (m) on a *pro-rata* basis, payment of any indemnities payable to any Person as contemplated in these Conditions or the Transaction Documents and not already paid pursuant to paragraphs (a) or (b) above,

provided that:

- (a) the Collateral Manager may direct the payment of any Rating Agency fees set out in (b)(i) above other than in the order required by paragraph (b) above if the Collateral Manager or Issuer has been advised by a Rating Agency that non-payment of its fees will immediately result in the withdrawal of any ratings on any Class of Senior Notes as long as no such payments are made in priority to any payments due and owing under paragraph (a) above; and
- (b) the Collateral Manager may direct payment other than in the order required by paragraph (b) if, in its reasonable judgment, it determines a payment other than in the order required by paragraph (b) above is required to ensure the delivery of certain accounting services and reports as long as no such payments are made in priority to any payments due and owing under paragraph (a) above.

**Affected Collateral** has the meaning given to it in Condition 3(a) (*Security*).

**Affiliate** or **Affiliated** means with respect to a Person:

- (a) any other Person who, directly or indirectly, is in control of, or controlled by, or is under common control with, such Person; or
- (b) any other Person who is a director, officer or employee:
  - (i) of such Person;
  - (ii) of any subsidiary or parent company of such Person; or
  - (iii) of any Person described in paragraph (a) above.

For the purposes of this definition, control of a Person shall mean the power, direct or indirect, (A) to vote more than 50% of the securities having ordinary voting power for the election of directors of such Person, or (B) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise. For the avoidance of doubt, no entity for which the Share Trustee acts as share trustee shall constitute an Affiliate of the Issuer and no entity to whom the Corporate Services Provider provides directors shall constitute an Affiliate of the Issuer.

**Agency Agreement** means the agency agreement dated on or about 28 June 2018 between the Issuer, the Trustee, Elavon Financial Services DAC, UK Branch as collateral administrator, calculation agent, principal paying agent, transfer agent and account bank.

**Agent** means each of the Principal Paying Agent, any additional or further payment agent appointed under the Agency Agreement, the Calculation Agent, the Registrar, the Transfer Agent, the Account Bank and the Collateral Administrator, and each of their permitted successors or assigns appointed as agents of the Issuer pursuant to the Agency Agreement or the Collateral Management Agreement, and **Agents** shall be construed accordingly.

**Aggregate Collateral Balance** means, as at any Measurement Date, the amount equal to the aggregate of the following amounts, as at such Measurement Date:

- (a) the Aggregate Principal Balance of all Collateral Debt Obligations, save that:

- (i) for the purpose of calculating the Aggregate Principal Balance for the purposes of the Portfolio Profile Tests and in each case where such is specifically provided, the Principal Balance of each Defaulted Obligation shall be excluded;
  - (ii) for the purpose of calculating the Aggregate Principal Balance for the purposes of the Collateral Quality Tests, the Principal Balance of each Defaulted Obligation shall be excluded;
  - (iii) for all purposes other than as set forth in paragraphs (i) and (ii) above, for the purpose of calculating the Aggregate Principal Balance, the Principal Balance of each Defaulted Obligation shall be the Moody's Collateral Value; and
- (b) the Balance standing to the credit of the Principal Account.

**Aggregate Principal Balance** means the aggregate of the Principal Balances of all the Collateral Debt Obligations and, when used with respect to some portion of the Collateral Debt Obligations, means the aggregate of the Principal Balances of such portion of Collateral Debt Obligations, in each case, as at the date of determination.

**AIF** means an alternative investment fund under the AIFMD.

**AIFMD** means the European Union Directive 2011/61/EU on Alternative Investment Fund Managers.

**AIFMD Retention Requirements** means Article 51 of Regulation (EU) No 231/2013 as amended from time to time and Article 17 of the AIFMD, as implemented by Section 5 of Chapter III of the European Union Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing the AIFMD, including any guidance published in relation thereto and any implementing laws or regulations in force in any Member State of the European Union, provided that any reference to the AIFMD Retention Requirements shall be deemed to include any successor or replacement provisions of Section 5 included in any European Union directive or regulation subsequent to the AIFMD or the European Union Commission Delegated Regulation (EU) No 231/2013.

**AIFM** mean an alternative investment fund manager under the AIFMD.

**Alternative Base Rate** means a LIBOR Alternative Base Rate or a EURIBOR Alternative Base Rate, as applicable;

**Applicable Margin** means 1.4% per annum during the Reinvestment Period and 1.4% thereafter.

**Appointee** means any attorney, manager, agent, delegate or other person appointed by the Trustee under the Trust Deed to discharge any of its functions or to advise it in relation thereto including, without limitation, pursuant to Clause 17.3 (Advice), Clause 17.18 (Delegation) and Clause 17.19 (Agents) of the Trust Deed.

**Article 50** means Article 50 of the Treaty on the European Union.

**Asset-Backed Security** means a debt instrument that is backed by a pool of ring-fenced financial assets (fixed or revolving) that convert into cash within a finite time period and under which payments depend primarily on the cash flows generated by the assets in the underlying pool and other rights designed to assure timely payment, such as credit enhancements.

**Authorised Denomination** means, in respect of any Note, the Minimum Denomination thereof and any denomination equal to one or more multiples of the Authorised Integral Amount in excess of the Minimum Denomination thereof.

**Authorised Integral Amount** means (i) in respect of the Class A1 Senior Notes EUR 1,000, (ii) in respect of the Class A2 Senior Notes, USD 1,000 and (iii) in respect of the Class A3 Senior Notes and the Subordinated Notes, GBP 1,000.

**Authorised Officer** means with respect to the Issuer, any Director of the Issuer or person who is authorised to act for the Issuer in matters relating to, and binding upon, the Issuer.

**Authority** means any competent regulatory, prosecuting, tax or governmental authority in any jurisdiction, domestic or foreign.

**Automatic Selection** means the Collateral Manager will select new Loan IDs for Collateral Debt Obligations from the Eligible Universe for the replacement or change of Loan Drawings and associated Loan ID as a result of rebooking on an interest rate roll date and similar changes causing the creation a new Loan ID consistent with limbs (i) and (ii) of the definition of Priority Level (for Automatic Selection) subject to its general duty of care to the Issuer and, for the avoidance of doubt, limbs (i) and (ii) of the Priority Level do not constitute a Replenishment.

**Balance** means on any date, with respect to any cash standing to the credit of an Account (or any subaccount thereof), the aggregate of the:

- (a) current balance of cash, demand deposits, time deposits, government-guaranteed funds and other investment funds;
- (b) outstanding principal amount of interest-bearing corporate and government obligations and money market accounts and repurchase obligations; and
- (c) purchase price, up to an amount not exceeding the face amount, of non interest-bearing government and corporate obligations, commercial paper and certificates of deposit,

provided that, in the event that a default as to payment of principal and/or interest has occurred and is continuing (disregarding any grace periods provided for pursuant to the terms thereof) in respect of any Eligible Investment or any obligation of the obligor thereunder which is senior or equal in right of payment to such Eligible Investment, such Eligible Investment shall have a value equal to its Moody's Collateral Value (determined as if such Eligible Investment were a Collateral Debt Obligation).

**Bank** means an Obligor with the following BIC codes in Barclays books and records as industry classification:

BIC Code	BIC Name
6513	Banks - Public / Policy
6514	Banks – Commercial
6515	Banks – Savings
6516	Banks - Merchant

6517	Banks - Investment
6519	Building Societies
6520	Multilateral Development Bank
6581	Securities Dealers
6587	Regional Banks - Commercial
6588	Regional Banks - Cooperative
6591	Bank Holding Companies not elsewhere classified

**Barclays** means Barclays Bank PLC.

**Barclays Group** means Barclays Bank PLC and its subsidiary undertakings.

**Barclays Regulatory Reorganisation** means a reorganisation of Barclays Group business, corporate or group structure in connection with or in anticipation of any prudential and/or conduct requirements including, without limitation, the ring-fencing of its deposit taking business.

**Barclays Reorganisation Affiliate** means:

- (a) any Affiliate of Barclays; or
- (b) any special purpose entity (that is not an Affiliate) whose business is controlled or managed by Barclays performing certain tasks on behalf of Barclays as part of a Barclays Regulatory Reorganisation,

which is currently or is anticipated to perform certain tasks on behalf of Barclays as part of a Barclays Regulatory Reorganisation (including, but not limited to Barclays Services Limited).

**Barclays Scale – TTC DG** means, in respect of an Obligor, the Barclays internal credit rating, for the relevant transaction using the integers ranging from 1 to 21 with 1 being the best rating and 21 being the worst rating, reflecting the likelihood of a default by such Obligor in respect of its obligations on a one year “through the cycle” basis, determined by the Barclays global financial risk management team, or any equivalent function of Barclays, in its discretion, using such models, procedures and judgments as used for calculating its regulatory capital risk weightings as it may elect in a commercially reasonable manner and in the ordinary course of business.

**Barclays Services Limited** means Barclays Services Limited and its subsidiary undertakings.

**Basel III** means the changes to the Basel regulatory capital and liquidity framework.

**BCBS** means the Basel Committee on Banking Supervision.

**BEPS** means the Base Erosion and Profit Shifting project.

**BIC** means Barclays Industry Code.

**Bridge Loan** means a loan obligation (i) that is incurred in connection with a merger, an acquisition, a consolidation, a sale of all or substantially all of the assets of a corporate entity, a restructuring or another similar transaction, (ii) that, prior to the proposed acquisition of the beneficial interest in such loan obligation by the Issuer, has been assigned a rating by Moody's and (iii) that is designated as a Bridge Loan in the Global Loan Bridge Book.

**BRRD** means the EU Bank Recovery and Resolution Directive (2014/59/EU), (collectively with secondary and implementing EU rules and national implementing legislation).

**Business Day** means (save to the extent otherwise defined) a day:

- (a) on which the TARGET System is open for settlement of payments in Euro;
- (b) on which commercial banks and foreign exchange markets settle payments in London and New York (other than a Saturday or a Sunday or a public holiday); and
- (c) for the purposes of the definition of Presentation Date, in relation to any place, on which commercial banks and foreign exchange markets settle payments in that place.

**Ca Id** means the unique identifier for a credit arrangement in Barclays Bank PLC's data system, which may comprise multiple drawdowns or loans, each such drawdown or loan represented by a Loan ID;

**Calculation Agent** means Elavon Financial Services DAC, UK Branch.

**Cause** has the meaning given to it in the Collateral Management Agreement.

**CCC Market Value** means, in respect of any CCC Obligation, an amount in GBP, which is the Moody's Collateral Value.

**CCC Obligation** means a Collateral Debt Obligation (other than a Defaulted Obligation) which has a Moody's Rating Factor of "4080" or greater.

**Certificate** means a Global Certificate or a Definitive Certificate, as the context may require.

**Class A1 Floating Rate of Interest** has the meaning given thereto in Condition 5(c) (*Floating Rate of Interest*).

**Class A1 Interest Amount** in respect of the Class A1 Senior Notes shall have the meaning specified in Condition 5(c)(iv) (*Determination of Floating Rate of Interest and Calculation of Interest Amount*).

**Class A2 Floating Rate of Interest** has the meaning given thereto in Condition 5(c) (*Floating Rate of Interest*).

**Class A2 Interest Amount** in respect of the Class A2 Senior Notes shall have the meaning specified in Condition 5(c)(iv) (*Determination of Floating Rate of Interest and Calculation of Interest Amount*).

**Class A3 Floating Rate of Interest** has the meaning given thereto in Condition 5(c) (*Floating Rate of Interest*).

**Class A3 Interest Amount** in respect of the Class A3 Senior Notes shall have the meaning specified in Condition 5(c)(iv) (*Determination of Floating Rate of Interest and Calculation of Interest Amount*).

**Class of Notes** means each of the Classes of Notes being:

- (a) the Class A1 Senior Notes;
- (b) the Class A2 Senior Notes;

- (c) the Class A3 Senior Notes; and
- (d) the Subordinated Notes,

and **Class of Noteholders** and **Class** shall be construed accordingly.

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

**Clearing System** means where the context admits, any or all of Euroclear, Clearstream, Luxembourg and any other clearing system approved by the Issuer, the Trustee, the Principal Paying Agent, the Registrar and the Collateral Manager.

**Closing Portfolio Date** means 2 May 2018.

**Collateral** means the property, assets and rights described in Condition 3(a) (*Security*) which are charged and/or assigned to the Trustee and/or held on trust from time to time for the benefit of the Secured Parties pursuant to the Trust Deed.

**Collateral Administrator** means Elavon Financial Services DAC, UK Branch.

**Collateral Debt Obligation** means the drawn amount of any debt obligation on the Trust Date on which the Issuer acquires the beneficial interest in such debt obligation from the Vendor pursuant to the provisions of the Vendor Trust Deed and the Collateral Management Agreement from time to time each of which satisfies the Eligibility Criteria on the relevant Trust Date and for the avoidance of doubt, excluding any Fees. References to Collateral Debt Obligations shall not include Eligible Investments. For the avoidance of doubt (a) the failure of any obligation to satisfy any Eligibility Criteria at any time after the Issuer has acquired the beneficial interest pursuant to the Vendor Trust Deed shall not cause such obligation to cease to constitute a Collateral Debt Obligation and (b) a Substitute Collateral Debt Obligation constitutes a Collateral Debt Obligation.

**Collateral Debt Obligation Re-Acquisition Notice** has the meaning given to such term in the Vendor Trust Deed.

**Collateral Management Agreement** means the collateral management agreement dated 28 June 2018 between, amongst others, the Issuer and the Collateral Manager.

**Collateral Management Fee** means the Senior Management Fee and the Subordinated Management Fee.

**Collateral Manager** means Barclays Bank PLC.

**Collateral Quality Tests** means the Collateral Quality Tests set out in the Collateral Management Agreement being each of the following:

- (a) so long as the Senior Notes are rated by Moody's and are Outstanding:
  - (i) the Moody's Maximum Weighted Average Rating Factor Test; and
  - (ii) the Moody's Minimum Weighted Average Recovery Rate Test;
- (b) so long as any Notes are Outstanding:
  - (i) the Minimum Weighted Average Spread Test; and
  - (ii) the Weighted Average Maturity Test,



each as defined in the Collateral Management Agreement.

**Collection Account** has the meaning given to such term in the Vendor Trust Deed.

**Commission's Proposal** means the draft directive by the European Commission for a financial transaction tax to be adopted in Participating Member States.

**Conditions** means the terms and conditions of the Notes.

**Corporate Services Agreement** means the corporate services entered into on or around the 28 June 2018 between, amongst others, the Issuer and the Corporate Services Provider.

**Corporate Services Provider** means Intertrust Management Limited.

**CRA Regulation** means Regulation (EC) No. 1060/2009 on credit rating agencies.

**Credit Impaired Obligation** means any Collateral Debt Obligation which has a Moody's Rating Factor greater than "3490" or which has been put on a Barclays Bank PLC internal watch list worse than Watch List 1.

**Cross Currency Support Tranche** means the effective credit support provided by Collateral Debt Obligations denominated in one Qualifying Currency to the Classes of Senior Notes denominated in the two other Qualifying Currencies, net of adjustments for credit risk and foreign exchange risk, in the case of credit losses exceeding the subordination for such Classes of Senior Notes (through Principal Proceeds applied according to the Priority of Payments).

**Cross Currency Support Tranche Attachment Point** means (for each Class of Senior Notes) the percentage calculated as (a) one minus (b) (i) one divided by (ii) the lowest pass value of the Senior Par Value Test.

**Cross Currency Support Tranche Detachment Point** means (for each Class of Senior Notes) the percentage calculated as (a) one minus (b) (i) one divided by (ii) the Senior Par Value Ratio as at such Measurement Date.

**Cross Currency Support Tranche Quality Factor** means: (i) if the Indicative Model Rating of the Cross Currency Support Tranche is at least "A3", then "0.25", (ii) if the Indicative Model Rating of the Cross Currency Support Tranche is below "A3" but at least "Baa1", then "0.125", or (iii) if the Indicative Model Rating of the Cross Currency Support Tranche is below "Baa1", then "0".

**CRR** means Regulation No 575/2013 of the European Parliament and of the Council.

**CRR Retention Requirements** means Part Five of the CRR as amended from time to time and including any guidance or any technical standards published in relation thereto, provided that any reference to the CRR Retention Requirements shall be deemed to include any successor or replacement provisions to Part Five of the CRR.

**Currency Priority Requirements** means the requirements that, in reinvesting Principal Proceeds, the Collateral Manager selects Collateral Debt Obligations from the Eligible Universe and the Collateral Manager shall apply such Principal Proceeds to the acquisition of Collateral Debt Obligations in the same currency as such Principal Proceeds;

**Current Due Period Semi-annually Paying CDOs** means the Aggregate Principal Balance (the individual Principal Balance of each Collateral Debt Obligation to be determined as at the date such Collateral Debt Obligation paid interest) of each Collateral Debt Obligation, denominated in the

relevant currency, which (i) provides for the payment of interest semi-annually and (ii) has an interest payment date in such Due Period.

**Defaulted Obligation** means a Collateral Debt Obligation:

- (a) in respect of which there has occurred and is continuing a default with respect to the payment of interest or principal, (i) disregarding any grace periods applicable thereto or (ii) in the case of any Collateral Debt Obligation (A) which pays interest not less than quarterly and (B) in respect of which the Collateral Manager has certified to the Trustee in writing that, to the knowledge of the Collateral Manager, such default has resulted from non-credit related causes, for the lesser of three Business Days and any grace period applicable thereto, in each case, which default entitles the holders thereof, with notice or passage of time or both, to accelerate the maturity of all or a portion of the principal amount of such obligation, but only until such default has been cured;
- (b) in respect of which any bankruptcy, insolvency or receivership proceeding has been initiated in connection with the issuer of such Collateral Debt Obligation;
- (c) in respect of which the Collateral Manager knows the Obligor thereunder is in default as to payment of principal and/or interest on another obligation, save for obligations constituting trade debts which the applicable Obligor is disputing in good faith, (and such default has not been cured), but only if one of the following conditions is satisfied:
  - (i) both such other obligation and the Collateral Debt Obligation are full recourse, unsecured obligations and the other obligation is senior to, or *pari passu* with, the Collateral Debt Obligation in right of payment; or
  - (ii) if the following conditions are satisfied:
    - (A) both such other obligation and the Collateral Debt Obligation are full recourse, secured obligations secured by identical collateral;
    - (B) the security interest securing the other obligation is senior to or *pari passu* with the security interest securing the Collateral Debt Obligation; and
    - (C) the other obligation is senior to or *pari passu* with the Collateral Debt Obligation in right of payment;
- (d) which has a Moody's rating of "C" or "Ca";
- (e) in respect of which a Distressed Exchange has become binding upon the holders of the Collateral Debt Obligation; or
- (f) which the Collateral Manager, acting on behalf of the Issuer, determines in its reasonable business judgment should be treated as a Defaulted Obligation.

**Definitive Certificate** means a Certificate representing one or more Notes of a Class in definitive, fully registered form in or substantially in the form set out, in the case of Senior Notes of each Class in Part 2 (*Form of Senior Notes*) of Schedule 2 (*Form of Senior Notes*) of the Trust Deed.

**Definitive Exchange Date** means a day falling not less than 30 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar, the Transfer Agent and the Principal Paying Agent is located.

**Determination Date** means the third Business Day of January, April, July and October of each year (or such date as specified by the Collateral Manager to the Collateral Administrator in writing, provided that such date shall not be later than the third Business Day prior to the relevant Payment Date occurring in such month), commencing on and including the third Business Day of October 2018 and ending on and including the Maturity Date or, in the case of a redemption in full of the Notes prior to the Maturity Date, the date which is 10 Business Days prior to the applicable Redemption Date (in each case, subject to adjustment for non-Business Days in accordance with the Conditions of the Notes).

**DIP Loan** means any interest in a loan or financing facility which is an obligation of a debtor-in-possession as described in § 1107 of the United States Bankruptcy Code or a trustee (if appointment of such trustee has been ordered pursuant to § 1104 of the United States Bankruptcy Code) organised under the laws of the United States or any State therein.

**Directors** means such person(s) who may be appointed as Director(s) of the Issuer from time to time.

**Discount Obligation** means any Collateral Debt Obligation (other than a Defaulted Obligation) acquired by, or on behalf of, the Issuer for a Purchase Price (excluding accrued interest thereon) of less than 80% of the principal amount of such Collateral Debt Obligation.

**Distressed Exchange** means any distressed exchange or other debt restructuring where the Obligor of such Collateral Debt Obligation has offered the class of holders of the Collateral Debt Obligation generally a new obligation or package of obligations which, in the reasonable judgment of the Collateral Manager either (i) amounts to a materially diminished financial obligation, or (ii) has the purpose of helping the Obligor of such Collateral Debt Obligation to avoid default.

**Distribution** means any payment in the nature of principal or interest or any dividend or premium or other amount (including any proceeds of sale) or asset paid or delivered on or in respect of any Collateral Debt Obligation or any Eligible Investment, as applicable.

**Due Period** means, with respect to any Payment Date, the period commencing on and including the third Business Day of the month in which the immediately preceding Payment Date occurs (or the Issue Date, in the case of the Due Period relating to the first Payment Date) and ending on and excluding the third Business Day of the month in which such Payment Date occurs (or, in the case of the Due Period applicable to the Payment Date which is the Redemption Date of any Note, ending on and including the Business Day preceding such Payment Date).

**EFSF** means European Financial Stability Facility created by the European Commission in response to the credit crisis in Europe.

**EFSM** means the European Financial Stability Mechanism which provides funding to Eurozone countries in financial difficulties that seek support from the EFSF.

**Eligibility Criteria** means the Eligibility Criteria specified in the Collateral Management Agreement which are required to be satisfied in respect of each Collateral Debt Obligation the beneficial interest in which is acquired by the Issuer from the Vendor pursuant to the provisions of the Vendor Trust Deed and the Collateral Management Agreement on the relevant Trust Date.

**Eligible Investments** means any investment of proceeds received in a certain Due Period denominated in a Qualifying Currency and in the same currency as any Account from which funds are invested in Eligible Investments that either (A) has a Stated Maturity (giving effect to any applicable grace period) no later than the second Business Day immediately preceding the Payment Date related to such Due Period or (B) may be capable of being liquidated at par on demand without

penalty, and in the event that it is an obligation of a company incorporated in, or a sovereign issuer of, the United States, is in registered form at the time it is acquired, and is one or more of the following obligations or securities, including, without limitation, any Eligible Investments for which the Trustee, the Collateral Manager or an Affiliate of any of them provides services:

- (a) direct obligations of, and obligations the timely payment of principal of and interest under which is fully and expressly guaranteed by, a Qualifying Country or any agency or instrumentality of a Qualifying Country, the obligations of which are fully and expressly guaranteed by a Qualifying Country;
- (b) demand and time deposits in, certificates of deposit of and bankers' acceptances issued by any depository institution (including the Account Bank) or trust company incorporated under the laws of a Qualifying Country with, in each case, with a maturity of no more than 180 days and subject to supervision and examination by governmental banking authorities so long as the commercial paper and/or the debt obligations of such depository institution or trust company (or, in the case of the principal depository institution in a holding company system, the commercial paper or debt obligations of such holding company) at the time of such investment or contractual commitment providing for such investment meets, in the case of investments with a maturity of longer than 91 days, the Eligible Investments Minimum Long-Term Rating or, in the case of deposits with a maturity of 91 days or less, the Eligible Investments Minimum Short-Term Rating;
- (c) unleveraged repurchase obligations with respect to:
  - (i) any obligation described in paragraph (a) above; or
  - (ii) any other security issued or guaranteed by an agency or instrumentality of a Qualifying Country, in either case entered into with a depository institution or trust company (acting as principal) described in paragraph (b) above or entered into with a corporation (acting as principal) whose long-term debt obligations are rated not less than the Eligible Investments Minimum Long-Term Rating or whose short-term debt obligations are rated not less than the Eligible Investments Minimum Short-Term Rating at the time of such investment provided that, if such security has a maturity of longer than 91 days, the issuer thereof must also have, at the time of such investment, a long-term credit rating of not less than the Eligible Investments Minimum Long-Term Rating;
- (d) securities bearing interest or sold at a discount to the face amount thereof issued by any corporation incorporated under the laws of a Qualifying Country that have a credit rating of not less than the Eligible Investments Minimum Long-Term Rating at the time of such investment or contractual commitment providing for such investment;
- (e) commercial paper or other short-term obligations having, or in respect of which the obligor has, at the time of such investment, a credit rating of not less than the Eligible Investments Minimum Short-Term Rating and that either are bearing interest or are sold at a discount to the face amount thereof and have a maturity of not more than 183 days from their date of issuance; provided, that if such security has a maturity of longer than 91 days, the obligor thereof must also have, at the time of such investment, a long-term credit rating of not less than the Eligible Investments Minimum Long-Term Rating;
- (f) off-shore funds investing in the money markets rated, at all times "Aaa" and "MR1+" by Moody's, provided that such fund issues shares, units or participations that may be lawfully acquired in England and Wales; and

- (g) any other investment similar to those described in paragraphs ((a)) to ((e)) (inclusive) above which has, in the case of an investment with a maturity of longer than 91 days, a long-term credit rating not less than the Eligible Investments Minimum Long-Term Rating or, in the case of an investment with a maturity of 91 days or less, a short-term credit rating of not less than the Eligible Investments Minimum Short-Term Rating, and, in each case, such instrument or investment provides for payment of a pre-determined fixed amount of principal on maturity that is not subject to change and either (A) has a Stated Maturity (giving effect to any applicable grace period) no later than the second Business Day immediately preceding the next following Payment Date or (B) may be capable of being liquidated at par on demand without penalty, provided, however, that Eligible Investments shall not include any mortgage-backed security, interest-only security, security subject to withholding or similar taxes, security purchased at a price in excess of 100% of par or security whose repayment is subject to substantial non credit-related risk (as determined by the Collateral Manager in its discretion),

and, in each case, either (A) satisfies the *Permitted Securities Condition* or (B) is a "cash equivalent" for the purpose of the regulations implementing the Volcker Rule in accordance with any applicable interpretive guidance thereunder.

**Eligible Investments Minimum Long-Term Rating** means, in the case of Eligible Investments for so long as there are Senior Notes Outstanding which are rated by Moody's and/or Scope, a foreign long-term bank deposits rating of at least "A2" by Moody's and an issuer rating by Scope of at least "BBB".

**Eligible Investments Minimum Short-Term Rating** means, in the case of Eligible Investments for so long as there are Senior Notes Outstanding which are rated by Moody's and/or Scope, a foreign short-term bank deposits rating of "P-1" from Moody's and an issuer rating by Scope of at least "BBB".

**Eligible Universe** means any loans originated by Barclays, excluding any such loans which (a) Barclays is prevented from declaring a trust over as a result of any legal or regulatory requirements or (b) Barclays is required or elects to retain on an unencumbered basis for the purposes of alignment of interest with investors outside the Barclays Group in transactions involving such loans or, if Barclays elects to do so, for the purposes of complying with the EU Retention Requirements.

**Enforcement Action** has the meaning given to it in Condition 10(b).

**Enforcement Priority of Payments** means the priority of payments in respect of Enforcement Proceeds set out in Condition 3(b)(*Application of Proceeds upon Enforcement*).

**Enforcement Proceeds** has the meaning given to that term in Condition 3(b)(*Application of Proceeds upon Enforcement*).

**Enforcement Threshold Determination** has the meaning given to it in Condition 10(b)(i)(A).

**ESMA** means the European Securities and Markets Authority.

**EU Insolvency Regulation** means Regulation (EU) No. 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast).

**EURIBOR** means the rate determined in accordance with Condition 5(c) (*Floating Rate of Interest*) as applicable to three month Euro deposits.

**EURIBOR Alternative Base Rate** means, in respect of EURIBOR, at the reasonable discretion of the Collateral Manager:

- (a) any rate (and, if applicable, the methodology for calculating such rate) formally proposed, recommended or recognised as an industry standard rate (whether by letter, protocol, publication of standard terms or otherwise) by, in each case, the most applicable of the Loan Markets Association, the Association for Financial Markets in Europe, or the Loan Syndications & Trading Association (or, in each case, any successor organization thereto) as a replacement reference rate for the calculation of the relevant reference rate (or the most appropriate such rate for the context in the Collateral Manager's reasonable judgement in the event that multiple valid replacement rates are proposed, recommended or recognised);
- (b) if at least 50% of the Floating Rate Collateral Debt Obligations (by principal balance), paying interest based on EURIBOR, in the Collateral Debt Obligations pay interest based on a benchmark other than EURIBOR, then the benchmark applicable to the greatest percentage of such Floating Rate Collateral Debt Obligations;
- (c) in relation to such loans, the most common reference rate, other than EURIBOR, used to determine the floating rate of interest on securities issued by collateralised loan obligations whose collateral consists primarily of broadly syndicated Senior Loans denominated in Euro within the prior six months (the determination of which may be based, in the Collateral Manager's reasonable judgement, on information provided by any of the Rating Agencies, the Initial Purchaser, or other, similarly situated, nationally recognised firms); or
- (d) any other rate consented to by the Senior Noteholders (acting by Ordinary Resolution), provided that, if the Issuer requests consent for an EURIBOR Alternative Base Rate from the Senior Noteholders, any Senior Noteholder who does not object to such request within fifteen (15) Business Days shall be deemed to have consented to such EURIBOR Alternative Base Rate.

**EU Retention Requirements** means the CRR Retention Requirements, the AIFMD Retention Requirements and the Solvency II Retention Requirements.

**Euro, Euros** and € means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended from time to time.

**Euroclear** means Euroclear Bank S.A./N.V.

**Euro Reference Bank** has the meaning given thereto in Condition 5(c)(i)(C) (*Class A1 Rate of Interest*).

**Eurozone** means the region comprised of Member States of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended.

**Event of Default** means each of the events defined as such in Condition 9(a) (*Events of Default*).

**Excepted Property** means (a) the Issuer Account in which the Issuer holds, *inter alia*, the subscription proceeds of its issued share capital and any transaction fees paid to it for agreeing to issue the Notes including amounts retained pursuant to paragraph (A) of the Interest Proceeds Priority of Payments (after payment of any applicable taxes) and (b) all monies standing to the credit of the Issuer Account from time to time including all interest accrued and other moneys received in respect thereof.

**Exchanged Global Certificates** means a Global Certificate which has become exchangeable for a Definitive Certificate in accordance with the Conditions.

**Expense Reserve Account** means the interest bearing or charging account of the Issuer so entitled and held with the Account Bank, which shall comprise sub-accounts denominated in Euro, U.S. Dollars and Sterling.

**Extraordinary Resolution** means an Extraordinary Resolution as described in Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*) and as further described in, and as defined in, Schedule 3 (*Provisions for Meetings of the Noteholders of each Class*) of the Trust Deed.

**FATCA** means

- (a) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 (the **Code**) or any associated regulations or other official guidance;
- (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of any law or official guidance referred to in paragraph (a) above; or
- (c) any agreement pursuant to the implementation of any treaty, law, regulation, official guidance or intergovernmental agreement referred to in paragraphs (a) or (b) above with the Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction.

**Fees** means any fee or commission payable or received in connection with a Collateral Debt Obligation including amendment and waiver fees, late payment fees, syndication fees, participation fee and any fees or commissions in connection with the purchase or sale of any Collateral Debt Obligations or work out or restructuring of any Defaulted Obligations or Collateral Debt Obligations.

**Fitch** means Fitch Ratings Limited.

**First Trust Date** has the meaning given to such term in the Vendor Trust Deed.

**Floating Rate Collateral Debt Obligation** means a Collateral Debt Obligation, the interest or coupon payable in respect of which is calculated by reference to an interbank offered floating rate, commercial deposit floating rate or index.

**Floating Rate of Interest** means each of the Class A1 Floating Rate of Interest, the Class A2 Floating Rate of Interest and the Class A3 Floating Rate of Interest (as applicable).

**Foreign Safe Harbor** means the exemption provided for in Section \_\_.20 of the U.S. Risk Retention Rules.

**FSMA** means Financial Services and Markets Act 2000 (as amended).

**FTT** means the financial transaction tax referred to in the Commission's Proposal.

**Global Certificate** means the permanent global certificate of each Class which represents the Notes of each Class.

**Global Exchange Market** means the Global Exchange Market of Euronext Dublin.

**Global Loan Bridge Book** means the global loan bridge book of Barclays Bank PLC which is given such designation within the data systems of Barclays Bank PLC.

**Holdings** means Sirius Funding Holdings Limited.

**IGA** means an intergovernmental agreement with the United States to implement FATCA.

**Indicative Model Rating** has the meaning given to it on the “Calculation” sheet of the Moody’s Model.

**Initial FX Rate** means:

- (a) U.S.\$1.3578 per £1;
- (b) U.S.\$1.20691 per €1; or
- (c) €1.1250 per £1,

as applicable.

**Initial Portfolio** has the meaning given to such term in the Vendor Trust Deed.

**Initial Purchaser** means Barclays Bank PLC as initial purchaser pursuant to the Subscription Agreement and includes, without limitation, its successors in title, permitted assigns and permitted transferees.

**Initial Ratings** means in respect of the Senior Notes and the Rating Agency, the ratings assigned to the Senior Notes by such Rating Agency as at the Issue Date and **Initial Rating** means each such rating.

**Insolvency Event** means any of the following:

- (a) an order is made or an effective resolution passed for the winding up (which shall, for the avoidance of doubt, include any bank insolvency) of the relevant entity; or
- (b) an order is made or an effective resolution passed for the winding up (which shall, for the avoidance of doubt, include any bank insolvency) of the relevant entity; or
- (c) the relevant entity stops or threatens to stop payment to its creditors generally or the relevant entity ceases or threatens to cease to carry on its business or substantially the whole of its business; or
- (d) an encumbrancer takes possession or a receiver, administrator, administrative receiver, examiner or other similar officer (which shall, for the avoidance of doubt, include a bank administrator) is appointed to the whole or any material part (having an aggregate book value in excess of GBP 40,000,000) of the undertaking, property and assets of the relevant entity or a distress, diligence or execution is levied in respect of a claim for GBP 40,000,000 or more or enforced upon or sued upon, against the whole or any material part (having an aggregate book value in excess of GBP 40,000,000) of the chattels or property of the relevant entity and, in the case of any of the foregoing events, is not discharged within 30 days; or
- (e) the relevant entity is unable to pay its debts as they fall due;



**Insolvency Law** means any applicable liquidation, insolvency, bankruptcy, examinership, composition, reorganisation or other similar laws.

**Interest Account** means an interest-bearing account described as such in the name of the Issuer with the Account Bank into which Interest Proceeds are paid, which shall comprise of sub-accounts denominated in Euro, U.S. Dollars and Sterling.

**Interest Amount** means each of the Class A1 Interest Amounts, Class A2 Interest Amounts and the Class A3 Interest Amounts (as applicable).

**Interest Determination Date** means:

- (a) in respect of the Class A1 Senior Notes, two TARGET2 Settlement Days prior to the commencement of each Accrual Period;
- (b) in respect of the Class A2 Senior Notes, the second Business Day prior to the commencement of each Accrual Period; and
- (c) in respect of the Class A3 Senior Notes, the first day of the relevant Accrual Period.

**Interest Proceeds** means all amounts paid or payable into the Interest Account from time to time and, with respect to any Payment Date, means any Interest Proceeds received or receivable by the Issuer during the related Due Period to be disbursed pursuant to Condition 2(c) (*Priorities of Payment*) on such Payment Date, together with any other amounts to be disbursed out of the Interest Account or Payment Account as Interest Proceeds on such Payment Date pursuant to Condition 2(l) (*Accounts*).

**Interest Proceeds Priority of Payments** means the priority of payments in respect of Interest Proceeds set out in Condition 2(d) (*Application of Interest Proceeds*).

**Interest Smoothing Account** means the interest bearing or charging account described as such in the name of the Issuer and held with the Account Bank, which shall comprise of sub-accounts denominated in Euro, U.S. dollars and Sterling.

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

**Euronext Dublin** means Euronext Dublin, as regulated by the Central Bank of Ireland.

**ISIN** means international securities identification number.

**Issuance Settlement Agent** means Elavon Financial Services DAC, UK Branch.

**Issue Date** means 28 June 2018.

**Issuer** means Sirius Funding plc.

**LCR** means the Liquidity Coverage Ratio.

**Leveraged Loan** means a loan which is originated and syndicated by investment banks in conjunction with a leverage buy-out and recapitalisation and/or refinancings of a highly-levered company, as determined by the Collateral Manager, excluding (i) any loan to corporate entities who may acquire or merge with other corporate entities as part of the implementation of their strategy and business development and (ii) any loan with TTC DG better than 12, regardless of the TTC DG of such loan at the time it was originated.

**Leveraged Loan Criteria Removal Obligation** means a Collateral Debt Obligation which is a Leveraged Loan and is disposed of by the Issuer in circumstances where the Collateral Manager has elected in its sole and absolute discretion that any disapplication of paragraph (dd) of the Eligibility Criteria is no longer to apply.

**Liability** means, any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceedings, obligations, penalties, assessments, suit or other liability whatsoever (including without limitation, in respect of taxes, duties, levies, imposts and other charges and all legal fees and disbursements properly incurred in defending or disputing any of the foregoing) and including any VAT or similar tax charged or chargeable in respect thereof and fees and expenses of any legal advisers or other professional or accounting or investment banking firms employed by, as applicable, the Trustee or Appointee or an Agent on a full indemnity basis.

**LIBOR** means the London Inter-Bank Offered Rate (including U.S. dollar LIBOR and GBP LIBOR).

**LIBOR Alternative Base Rate** means, in respect of LIBOR, at the reasonable discretion of the Collateral Manager

- (a) any rate (and, if applicable, the methodology for calculating such rate) formally proposed, recommended or recognised as an industry standard rate (whether by letter, protocol, publication of standard terms or otherwise) by, in each case, the most applicable of the Loan Markets Association, the Association for Financial Markets in Europe, or the Loan Syndications & Trading Association (or, in each case, any successor organization thereto) as a replacement reference rate for the calculation of the relevant reference rate (or the most appropriate such rate for the context in the Collateral Manager's reasonable judgement in the event that multiple valid replacement rates are proposed, recommended or recognised);
- (b) if at least 50% of the Floating Rate Collateral Debt Obligations (by principal balance) paying interest based on LIBOR in the Collateral Debt Obligations pay interest based on a benchmark other than LIBOR, then the benchmark applicable to the greatest percentage of such Floating Rate Collateral Debt Obligations;
- (c) the most common reference rate, other than LIBOR, used to determine the floating rate of interest on securities issued by collateralised loan obligations whose collateral consists primarily of broadly syndicated Senior Loans denominated in Sterling within the prior six months (the determination of which may be based, in the Collateral Manager's reasonable judgement, on information provided by any of the Rating Agencies, the Initial Purchaser, or other, similarly situated, nationally recognised firms); or
- (d) any other rate consented to by the Senior Noteholders (acting by Ordinary Resolution), provided that, if the Issuer requests consent for a LIBOR Alternative Base Rate from the Senior Noteholders, any Senior Noteholder who does not object to such request within fifteen (15) Business Days shall be deemed to have consented to such LIBOR Alternative Base Rate.

**Loan Drawing** means a Senior Loan which is comprised of multiple drawdowns.

**London Reference Bank** has the meaning given thereto in Condition 5(c)(ii)(C) (*Class A2 Rate of Interest*).

**Loan ID** means the unique identifier for an asset set up in Barclays Bank PLC's data system at the time such asset is included on such data system (as may be amended from time to time by Barclays

Bank PLC for operational reasons unrelated to the transaction pursuant to the issuance of the Notes by the Issuer by a team separate from the team acting in the capacity of Collateral Manager).

**Loan ID Currency** means the currency applicable to a specific Loan ID.

**Management Criteria** means the management criteria set out in the schedule appended to the Collateral Management Agreement.

**Margin Stock** has the meaning given to such term in Regulation U issued by the Board of Governors of the Federal Reserve System.

**Market Value** means, on any date of determination in respect of any Collateral Debt Obligation as provided by the Collateral Manager to the Collateral Administrator:

- (a) the mean of the bid prices determined by three independent broker-dealers active in the trading of one or more Collateral Debt Obligations; or
- (b) if three such broker-dealer prices are not available, the lower of the bid prices determined by two such broker-dealers; or
- (c) if two such broker-dealer prices are not available, the bid price determined by one broker-dealer or the mean of the bid prices determined by an independent pricing service (unless, in each case, a fair market value thereof determined by the Collateral Manager pursuant to (d) below would be lower); or
- (d) if the determinations of such broker-dealers or independent pricing service are not available, the Moody's Recovery Rate thereof, multiplied by the outstanding principal balance (converted into GBP, where applicable, at the Initial FX Rate) unless the Collateral Manager reasonably believes that a lower market value would be applicable, in which case, the Collateral Manager shall on a best efforts basis in a manner consistent with reasonable and customary market practice determine such lower fair market value,

which shall, in each case, be a percentage, in each case, multiplied by the outstanding principal balance (converted into GBP, where applicable, at the Initial FX Rate) of such Collateral Debt Obligation and as notified to the Collateral Administrator on the date of determination thereof.

**Maturity Date** means the Payment Date falling in July 2039.

**Measurement Date** means:

- (a) the Acquisition Date;
- (b) for the purposes of determining satisfaction of the Reinvestment Criteria or the Post-Reinvestment Period Criteria (as applicable), any Business Day after the Acquisition Date on which such criteria are required to be determined, which determination shall be made, immediately prior to receipt of any Principal Proceeds which are to be reinvested, firstly, without taking into account the receipt of such Principal Proceeds and reinvestment thereof in Substitute Collateral Debt Obligations and, secondly, taking into account the receipt of such Principal Proceeds and reinvestment thereof in Substitute Collateral Debt Obligations on a projected basis;
- (c) each Trust Date;
- (d) each Determination Date;

- (e) the date as at which any Report is prepared; and
- (f) with reasonable (and not less than two Business Days') notice, any Business Day after the Acquisition Date requested by the Rating Agency,

provided that no Measurement Date shall occur prior to Acquisition Date.

**Minimum Denomination** means:

- (a) in respect of the Class A1 Senior Notes, EUR 500,000;
- (b) in respect of the Class A2 Senior Notes, USD 500,000; and
- (c) in respect of the Class A3 Senior Notes and the Subordinated Notes, GBP 500,000.

**Minimum Margin** means 0.25% per annum over the applicable base rate;

**Minimum Weighted Average Spread Test** has the meaning given to in the section '*Management Criteria*'.

**Monthly Report** means any monthly report defined as such in the Collateral Management Agreement which is prepared by the Collateral Administrator (in consultation with, and based on certain information provided by, the Collateral Manager) on behalf of the Issuer set forth in the Collateral Management Agreement, and made available by means of a dedicated website currently located at <https://usbtrustgateway.usbank.com> (or such other website as may be notified in writing by the Collateral Administrator to the Issuer, the Initial Purchaser, the Trustee, the Collateral Manager and the Noteholders from time to time) to the Issuer, the Trustee, the Initial Purchaser, the Collateral Manager, and to any Noteholder by way of a unique password which in the case of each Noteholder may be obtained from the Collateral Administrator subject to receipt by the Collateral Administrator of certification that such holder is a holder of a beneficial interest in any Notes and such other certifications and documents as may be requested by the Collateral Administrator, and which shall include information regarding the status of certain of the Collateral pursuant to the Collateral Management Agreement;

**Moody's** means Moody's Investors Service, Limited and any successor or successors thereto.

**Moody's CDOROM<sup>TM</sup> Test** has the meaning given to it in "*The Management Criteria*".

**Moody's Collateral Value** means, in the case of any applicable Collateral Debt Obligation, the lower of:

- (a) its prevailing Market Value; and
- (b) the relevant Moody's Recovery Rate multiplied by its outstanding principal balance (converted into GBP, where applicable, at the Initial FX Rate),

provided that, if the Market Value cannot be determined for any reason, the Market Value shall be deemed to be for this purpose the amount referred to in (b) above.

**Moody's Maximum Weighted Average Rating Factor Test** has the meaning given to it in the section '*Management Criteria*'.

**Moody's Metric** or **MM** means the numerical equivalent of a rating deduced from the expected loss. The MM measure is time independent and all else being constant will not change over the life of the transaction. All MMs are output from Moody's Model.

**Moody's Rating** of any Collateral Debt Obligation will be determined using the following priority of determination:

- (a) Public rating from Moody's: for any Collateral Debt Obligation:
  - (i) if the Obligor in respect of such Collateral Debt Obligation has a corporate family rating from Moody's then the Moody's Rating of such Collateral Debt Obligation shall be such rating;
  - (ii) if (i) does not apply, then if the Obligor in respect of such Collateral Debt Obligation has a senior unsecured obligation publicly rated by Moody's, then the Moody's Rating of such Collateral Debt Obligation shall be such rating; and
  - (iii) if neither (i) nor (ii) applies, then if the Obligor in respect of such Collateral Debt Obligation has no senior obligation publicly rated by Moody's, but the Collateral Debt Obligation itself is rated (other than a rating determined from an estimate by Moody's of such Collateral Debt Obligation's rating factor), then the Moody's Rating of such Collateral Debt Obligation shall be one sub-category below such rating;
- (b) if paragraph (a) does not apply to such Collateral Debt Obligation, the Moody's Rating shall be determined, at the option of the Issuer or the Collateral Manager acting on behalf of the Issuer, as either:
  - (i) *Credit estimate from Moody's*: the confidential credit estimate assigned to such Collateral Debt Obligation by Moody's upon the request of the Issuer or the Collateral Manager on behalf of the Issuer which shall be:
    - (A) the Moody's corporate family rating thereof;
    - (B) if such estimate is provided for in the form of a rating factor, the rating corresponding to the Moody's Rating Factor provided by Moody's in the Moody's Rating Factor Table (and if such rating factor does not appear in the Moody's Rating Factor Table, the next highest rating factor in such table shall be used to determine the Moody's Rating of such Collateral Debt Obligation), and provided that (a) the Moody's Rating Factor shall however be deemed to be the rating factor which corresponds to the Moody's Rating which is one rating sub-category lower than that which would otherwise apply pursuant to this definition or such other adjustment as published by Moody's from time to time, and (b) until such credit estimate is assigned, such Collateral Debt Obligation shall be assigned a Moody's Rating of, in the event that:
      - (x) (1) neither the Obligor nor any of its Affiliates is subject to reorganisation or bankruptcy proceedings, (2) no debt securities or obligations of the Obligor are in default, (3) neither the Obligor nor any of its Affiliates has defaulted on any debt during the past two years, (4) the Obligor has been in existence for the past five years, (5) the Obligor is current on any cumulative dividends, (6) the fixed charge ratio for the Obligor exceeds 125% for each of the past two fiscal years and for the most recent quarter, (7) the Obligor had a net

profit before tax in the past fiscal year and the most recent quarter and (8) the annual financial statements of the Obligor are unqualified and certified by a firm of independent certified public accountants of international reputation and quarterly statements are unaudited but signed by a corporate officer, "B3"; or (y) (1) neither the Obligor nor any of its Affiliates is subject to reorganisation or bankruptcy proceedings and (2) no debt security or obligation of the Obligor has been in default during the past two years, "Caa2"; or

(z) a debt security or obligation of the Obligor has been in default during the past two years, "Ca"; or

- (ii) *Moody's mapping*: the rating derived from the 10-year Rating Factor corresponding to the Barclays Bank PLC credit grade (Barclays Scale – TTC DG) in the mapping table below, which table may be amended from time to time as communicated by Moody's. If such Collateral Debt Obligation has been put on Watch List 1, the Moody's Rating Factor shall be deemed to be the rating factor which corresponds to the Moody's Rating which is two rating sub-categories lower than that which would otherwise apply pursuant to this definition.

<b>Barclays Scale – TTC DG</b>	<b>Moody's Rating Factor</b>
1	147
2	180
3	216
4	360
5	610
6	757
7	940
8	1126
9	1350
10	1544
11	1766
12	1980
13	2220
14	2457
15	3081
16	3490

17	4080
18	4770
19	6500
20	8070
21	10000

The correspondence between Moody's ratings and Barclays Bank PLC internal credit ratings was established based on a rating coverage analysis carried out by Moody's which used information provided by Barclays Bank PLC and others. The table above is established for the sole purpose of usage in relation to the Notes and must be used only as described in the Moody's Rating definition in the context of this specific transaction. It is by no means a strict correspondence between Moody's ratings and Barclays Bank PLC internal credit ratings. The mapping should be relied on only in the absence of a rating issued by Moody's.

- (c) *Outlook and rating watch*: notwithstanding (a) or (b) below, if the public credit rating, or confidential credit estimate (as notified by Moody's to the Collateral Manager) of a Collateral Debt Obligation, as the case may be, has (i) been put on a negative outlook by Moody's or such other rating agency, as applicable, the Moody's Rating shall be deemed to be one rating sub-category lower than that which would otherwise apply pursuant to (a) or (a)(ii) been put on a watch list for possible downgrade by Moody's or such other rating agency, as applicable, the Moody's Rating shall be deemed to be two rating sub-categories lower than that which would otherwise apply pursuant to (a) or (b)(ii), and (iii) been put on a watch list for possible upgrade by Moody's or such other rating agency, as applicable, the Moody's Rating shall be deemed to be one rating sub-category higher than that which would otherwise apply pursuant to (a) or (b).

If at any time Moody's ceases to provide rating services, references to rating categories of Moody's shall be deemed instead to be references to the equivalent categories of any other rating agency selected by the Collateral Manager acting on behalf of the Issuer (with written notice to the Trustee), as of the most recent date on which such other rating agency and Moody's as the case may be, published ratings for the type of security in respect of which such alternative rating agency is used.

**Moody's Rating Factor** is the number set forth under the heading "Rating Factor" in the Moody's Rating Factor Table opposite the Moody's Rating or such other rating factor as may be notified to the Collateral Manager by Moody's from time to time or as derived from the Barclays Scale – TTC DG in the mapping table in accordance with subparagraph (b)(ii) of the Moody's Rating definition.

**Moody's Recovery Rate** means, in respect of each Collateral Debt Obligation, the Moody's recovery rate determined in accordance with the Collateral Management Agreement or as so advised by Moody's.

**MSD ID** means the unique identifier for an Obligor set up in Barclays Bank PLC's data system at the time such Obligor is included on such data system (as may be amended from time to time by Barclays Bank PLC for operational reasons unrelated to the transaction pursuant to the issuance of the Notes by the Issuer by a team separate from the team acting in the capacity of Collateral Manager).

**Note Tax Event** means, at any time, the introduction of a new, or any change in, any statute, treaty, regulation, rule, ruling, practice, procedure or judicial decision or interpretation which results in (or would on the next Payment Date result in) (a) any payment of principal or interest on the Senior Notes and/or the Subordinated Notes becoming properly subject to any withholding tax or (b) net income, profits or similar tax imposed upon the Issuer by the state or federal tax authorities of the United States or the tax authorities of the United Kingdom other than in respect of both (a) and (b) above:

- (a) withholding tax in respect of FATCA;
- (b) withholding tax which arises by reason of the failure by the relevant Noteholder or beneficial owner to comply with any applicable procedures required to establish non-residence or other similar claim for exemption from such tax or to provide information concerning nationality, residency or connection with the United Kingdom, the United States or other applicable taxing authority;
- (c) United Kingdom withholding tax on the Subordinated Notes that would not have been imposed if the beneficial owner of those Notes had been within the charge to United Kingdom corporation tax in respect of them; and
- (d) net income, profits or similar tax is imposed upon the Issuer in any other jurisdiction (other than UK corporation tax imposed on the Issuer's "retained profit" as defined in the Taxation of Securitisation Companies Regulations).

**Noteholders** means the holders of the Notes from time to time.

**Notes** means the notes comprising, where the context permits, the Senior Notes and the Subordinated Notes constituted by the Trust Deed or the Principal Amount Outstanding thereof for the time being or, as the context may require, a specific number thereof and includes any replacements for Notes issued pursuant to Condition 12 (*Replacement of Notes*) and (except for the purposes of clause 3 of the Trust Deed) each Global Certificate. References in these Conditions of the Notes to the "Notes" (unless the context requires otherwise) include any other notes issued pursuant to Condition 16 and forming a single series with the Notes.

**Obligor** means, in respect of a Collateral Debt Obligation, the borrower thereunder or the guarantor thereof (as determined by the Collateral Manager on behalf of the Issuer).

**OECD** means the Organisation for Economic Co-operation and Development.

**Offer** means, with respect to any Collateral Debt Obligation, (a) any offer by the Obligor under such obligation or by any other Person made to all of the creditors of such Obligor in relation to such obligation to purchase or otherwise acquire such obligation (other than pursuant to any redemption in accordance with the terms of the related Underlying Instruments) or to convert or exchange such obligation into or for cash, securities or any other type of consideration (in the case of a security, provided that, unless the Permitted Securities Condition is satisfied, such security is received by the Issuer in the ordinary course of the workout, foreclosure or collection of a debt previously contracted in good faith) or (b) any solicitation by the Obligor of such obligation or any other Person to amend, modify or waive any provision of such obligation or any related Underlying Instrument.

**offer of Notes to the public** means, in relation to any Notes in any Relevant Member State, communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.



**Official List** means the Official List of Euronext Dublin.

**Ordinary Resolution** means an Ordinary Resolution as described in Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*) and as further described in, and as defined in, Schedule 5 (*Provisions for Meetings of the Noteholders of each Class*) of the Trust Deed.

**Original Share Trustee** means Intertrust Corporate Services Limited

**Outstanding** means in relation to the Notes of a Class, as of any date of determination, all the Notes of such Class issued in each case other than:

- (a) those Notes which have been redeemed with the exception of Subordinated Notes in relation to which amounts of Interest Proceeds and Principal Proceeds have, or may, become payable notwithstanding redemption of the principal amount of such Subordinated Notes in full;
- (b) those Notes in respect of which the date for redemption in accordance with the relevant Conditions has occurred and the redemption moneys (including premium (if any) and all interest payable in respect thereof and any interest payable under the relevant Conditions after such date) have been duly paid to the Trustee or to the Principal Paying Agent in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been given to the relative Noteholders in accordance with Condition 15 (*Notices*)) and remain available for payment to the bearer of the relevant Notes;
- (c) those Notes which have become void under Condition 11 (*Prescription*);
- (d) Notes represented by any Global Certificate to the extent that such Global Certificate shall have been exchanged for Notes represented by Definitive Certificates pursuant to its provisions,

provided that

- (A) for each of the following purposes, namely:
  - (i) the right to attend and vote at any meeting of the Noteholders of a Class;
  - (ii) the determination of how many and which of the relevant Notes are for the time being Outstanding for the purposes of clause 8] (*Enforcement of Security*) of the Trust Deed and Condition 9 (*Events of Default*) and Condition 10 (*Enforcement*);
  - (iii) any discretion, power or authority (whether contained in the Trust Deed or vested by operation of law) which the Trustee is required, expressly or implicitly, to exercise in or by reference to the interests of the Noteholders or any of them; and
  - (iv) the determination (where relevant) by the Trustee as to whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Noteholders of any Class,

those Notes (if any) which are for the time being held by, for the benefit of, or on behalf of, the Issuer and not cancelled shall (unless and until ceasing to be so held) be deemed not to remain Outstanding; and

- (B) any Notes held by, for the benefit of, for the account of or on behalf of the Collateral Manager and/or its Affiliates and/or any directors, officers or employees of the Collateral Manager, their respective Affiliates or any fund, partnership, trust, company or other entity with respect to which it acts as collateral manager will be deemed not to be Outstanding in connection with any vote (or written direction or consent) in connection with the removal of the Collateral Manager.

**Participation** means an interest in a loan obligation acquired indirectly by the Issuer (by way of participation or additional participation) from a selling institution (which term shall include arrangements whereby the Issuer as a "funding bank" enters into a collateralised guarantee in favour of a "fronting bank").

**Par Value Test Excess Adjustment Amount** means, on any date of determination, the sum of:

- (a) the amount equal to the product of:
  - (i) the excess, if any, of (1) the Aggregate Principal Balance of all CCC Obligations as of such date over (2) 5% of the Aggregate Collateral Balance; and
  - (ii) the Aggregate Principal Balance of all CCC Obligations less the aggregate of the CCC Market Values of all CCC Obligations, divided by the Aggregate Principal Balance of all CCC Obligations; and
- (b) the amount equal to the product of:
  - (i) the Aggregate Principal Balance of all Discount Obligations as of such date; and
  - (ii) one minus the weighted average of the Purchase Prices (as a percentage of the principal amount of the relevant Discount Obligation, expressed as a decimal amount, as determined by the Collateral Administrator) paid by, or on behalf of, the Issuer (excluding accrued interest thereon) of all Discount Obligations,

provided that, in the event that any Collateral Debt Obligation is a Discount Obligation and falls within the CCC Obligations, such Collateral Debt Obligation shall be included in whichever of paragraphs (a) and (b) above would result in the higher Par Value Test Excess Adjustment Amount.

**Participating Member States** means those member states, currently Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain, who will be adopting the Commission's Proposal.

**Participation** means an interest in a loan obligation acquired indirectly by the Issuer (by way of participation or additional participation) from a selling institution (which term shall include arrangements whereby the Issuer as a "funding bank" enters into a collateralised guarantee in favour of a "fronting bank").

**Paying Agent** has the meaning given to it in the Trust Deed.

**Payment Account** means the account described as such in the name of the Issuer held with the Account Bank (which shall comprise sub-accounts denominated in Euro, U.S. Dollars and Sterling) to which amounts shall be transferred by the Account Bank on the instructions of the Collateral Administrator on the first Business Day prior to each Payment Date out of certain of the other Accounts in accordance with Condition 2(l) (*Accounts*) and out of which the amounts required to be paid on each Payment Date pursuant to the Priorities of Payment shall be paid.

**Payment Date** means 14 January, 14 April, 14 July and 14 October in each year, commencing on and including 14 October 2018, the Maturity Date and any Redemption Date provided that if any Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day that is a Business Day (unless it would thereby fall in the following month, in which case, it shall be brought forward to the immediately preceding Business Day).

**Payment Date Report** means the report defined as such in the Collateral Management Agreement which is prepared by the Collateral Administrator (in consultation with, and based on certain information provided by, the Collateral Manager) on behalf of the Issuer set forth in the Collateral Management Agreement, and made available by means of a dedicated website currently located at <https://usbtrustgateway.usbank.com> (or such other website as may be notified in writing by the Collateral Administrator to the Issuer, the Initial Purchaser, the Trustee, the Collateral Manager and the Noteholders from time to time) to the Issuer, the Trustee, the Initial Purchaser, the Collateral Manager, and to any Noteholder by way of a unique password which in the case of each Noteholder may be obtained from the Collateral Administrator subject to receipt by the Collateral Administrator of certification that such holder is a holder of a beneficial interest in any Notes and such other certifications and documents as may be requested by the Collateral Administrator, and which shall include information regarding the status of certain of the Collateral pursuant to the Collateral Management Agreement.

**Permanent Regime** means the permanent regime for "securitisation companies", as established by the Taxation of Securitisation Companies Regulations.

**Permitted Assignee** means, for the purposes of the Collateral Management Agreement, an entity that (i) has demonstrated (or has officers and employees that have demonstrated) an ability to professionally and competently perform duties similar to those imposed upon the Collateral Manager, as the case may be, under the Collateral Management Agreement, (ii) is legally qualified and has the regulatory capacity to act as Collateral Manager under the Collateral Management Agreement, (iii) does not result in the Issuer becoming chargeable to taxation in the jurisdiction in which the assignee or transferee is resident or in which it carries out the duties which are assigned or transferred to it other than the United Kingdom and (iv) agrees in writing to assume all of the Collateral Manager's duties and obligations under the Collateral Management Agreement and each other Transaction Document to which the Collateral Manager is party. No assignment or transfer of the Collateral Manager's responsibilities under the Collateral Management Agreement shall relieve the Collateral Manager of any liability previously incurred thereunder.

**Permitted Securities Condition** means, as of any date of determination, a condition that will be satisfied if:

- (a) the Issuer and the Collateral Manager have received an opinion of counsel of national reputation in the United States experienced in such matters and in collateralised loan obligation transactions, which opinion may be based upon, among other things, interpretive letters or other formal guidance issued by any of the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Securities and Exchange Commission and/or the Commodity Futures Trading Commission (together with an officer's certificate of the Issuer or the Collateral Manager to the Trustee (on which the Trustee may rely absolutely and without further enquiry or liability) that the opinion specified in this definition has been received by the Issuer and the Collateral Manager (and a copy of such opinion is provided to the Trustee)) that: (i) assuming the Issuer is a "covered fund," none of the Notes shall be considered an "ownership interest" therein (in each case, as such terms are defined for purposes of the Volcker Rule) in relation to any Section 13 Banking Entity; or (ii) even if the Issuer will not be a "loan securitization" and exempt from the definition of "covered

fund" on that basis, the Issuer will not be considered a "covered fund" (in each case, as such terms are defined for purposes of the Volcker Rule) in relation to any Section 13 Banking Entity;

- (b) any amendments or supplements to the Trust Deed that are necessary for the Issuer to receive the opinion described in clause (a) above shall have become effective in accordance with the terms thereof; and
- (c) a supermajority (66⅔ based on the aggregate principal amount of Notes held by the Section 13 Banking Entities) of the Section 13 Banking Entities (voting as a single class) consent in writing to the application of the Permitted Securities Condition.

**Person** means an individual, corporation (including a business trust), partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated association or government or any agency or political subdivision thereof.

**PIK Loan** means a loan, the terms of which permit the deferral of the payment of interest in cash thereon through additions to the principal amount thereof for a specified period in the future or for the remainder of its life or by capitalising interest due on such security as principal.

**Portfolio** means the Collateral Debt Obligations and any Eligible Investments held by or on behalf of the Issuer from time to time.

**Portfolio Profile Tests** means the Portfolio Profile Tests each as defined in the Collateral Management Agreement.

**Post-Reinvestment Period Criteria** means:

- (a) to the Collateral Manager's knowledge, no Event of Default has occurred that is continuing at the time of such reinvestment;
- (b) the Collateral Quality Tests are satisfied or, if any such test was not satisfied, it is no further from being satisfied after giving effect to such reinvestment than immediately prior to the acquisition by the Issuer of additional Collateral Debt Obligations;
- (c) the Portfolio Profile Tests are satisfied or, if any such limitation is not satisfied, in the case of each limitation (i) in respect of which an upper limit is applicable, the relevant concentration is no greater, and (ii) in respect of which a lower limit is applicable, the relevant concentration is no lesser, after giving effect to such reinvestment than it was immediately prior to the acquisition by the Issuer of additional Collateral Debt Obligations;
- (d) the Aggregate Principal Balance of the Collateral Debt Obligations is maintained or increased (as compared to the Aggregate Principal Balance of the Collateral Debt Obligations prior to the repayment of, or relinquishment of the beneficial interest in, such Credit Impaired Obligations or prior to the receipt of such Unscheduled Principal Proceeds) or, in the case of the relinquishment of the beneficial interest in and reinvestment of the Sale Proceeds of Credit Impaired Obligations, the Aggregate Principal Balance of all additional Collateral Debt Obligations the beneficial interest in which is acquired with such Sale Proceeds is at least equal to the Sale Proceeds from such sale;
- (e) the Senior Par Value Test is satisfied (both immediately before and immediately after such reinvestment);
- (f) the Senior Par Value Ratio is greater than 118%;

- (g) the Moody's Maximum Weighted Average Rating Factor Test is satisfied (both immediately before and immediately after such reinvestment);
- (h) the Senior Notes have a rating by Moody's and Scope of the Initial Ratings; and
- (i) the Moody's CDOROM™ Test is satisfied.

**Potential Event of Default** means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition would constitute an Event of Default.

**PRA** means the Prudential Regulation Authority.

**Presentation Date** means a day which (subject to Condition 11 (*Prescription*)):

- (a) is a Business Day;
- (b) is or falls after the relevant due date or, if the due date is not or was not a Business Day in the place of presentation, is or falls after the next following Business Day which is a Business Day in the place of presentation; and
- (c) is a Business Day in which the account specified by the payee is open.

**Principal Account** means the interest bearing or charging account described as such in the name of the Issuer with the Account Bank into which Principal Proceeds are paid, which shall comprise of sub-accounts denominated in Euro, U.S. Dollars and Sterling.

**Principal Amount Outstanding** means, in relation to any Class of Notes and at any time, the aggregate principal amount outstanding under such Class of Notes at that time, provided however that for the purposes of voting on any matter, giving instructions or directions, determining whether any relevant quorum requirements have been met or in the event of any conflict between the Notes of any Class, the Principal Amount Outstanding of the Class A1 Senior Notes and the Class A2 Senior Notes shall be converted to GBP at the Initial FX Rate.

**Principal Balance** means with respect to any Collateral Debt Obligation, as of any date of determination, the drawn amount of such debt obligation on the Trust Date on which the beneficial interest in such debt obligation has been acquired by the Issuer pursuant to the provisions of the Vendor Trust Deed (excluding any interest capitalised pursuant to the terms of such instrument), provided however that:

- (a) the Principal Balance of a Collateral Debt Obligation received upon acceptance of an offer to exchange a Collateral Debt Obligation for such Collateral Debt Obligation where such offer expressly states that failure to accept such offer may result in a default under any applicable Underlying Instrument, for the avoidance of doubt this refers to distressed or mandatory exchange situations, shall be deemed to be the lesser of:
  - (i) a percentage of the drawn amount equal to the Moody's Recovery Rate for such Collateral Debt Obligation, until such time as Interest Proceeds or Principal Proceeds as applicable, are first received when due with respect to such Collateral Debt Obligation; and
  - (ii) a percentage of the drawn amount thereof denominated in GBP equal to the Market Value thereof, until such time as any payment is received by or on behalf of the

Issuer in respect of such Collateral Debt Obligation (provided that this subparagraph (ii) shall not apply if the Market Value cannot be determined for any reason);

- (b) the Principal Balance of any Collateral Debt Obligation not denominated in GBP shall be the GBP equivalent of the drawn amount of such debt obligation in respect of which the beneficial interest in such debt obligation has been acquired by the Issuer pursuant to the provisions of the Vendor Trust Deed (excluding any interest capitalised pursuant to the terms of such instrument) converted into GBP at:
  - (i) for the purposes only of determining compliance with the Senior Par Value Test, Collateral Quality Tests, Portfolio Profile Tests, Reinvestment Criteria and Post-Reinvestment Period Criteria, the Initial FX Rate; and
  - (ii) for all other purposes, the Spot Rate; and
- (c) the Principal Balance of any cash shall be the amount of such cash.

**Principal Paying Agent** means Elavon Financial Services DAC, UK Branch.

**Principal Proceeds** means all amounts paid or payable into the relevant Principal Account from time to time and, with respect to any Payment Date, means any Principal Proceeds received or receivable by the Issuer during the related Due Period, together with any other amounts to be disbursed out of the Principal Account or Payment Account as Principal Proceeds on such Payment Date pursuant to Condition 2(l) (*Accounts*).

**Principal Proceeds Priority of Payments** means the priority of payments in respect of Principal Proceeds set out in Condition 2(f) (*Application of Principal Proceeds*).

**Priorities of Payment** means, in the case of Interest Proceeds, the Interest Proceeds Priority of Payments, in the case of Principal Proceeds, the Principal Proceeds Priority of Payments and, in the case of Enforcement Proceeds, the Enforcement Priority of Payments.

**Priority Level** means:

- (a) for Automatic Selection (which does not constitute a Replenishment):
  - (i) first, a Collateral Debt Obligation having a Loan ID which is the same as the Loan ID for the Collateral Debt Obligation which is being relinquished or redeemed (if applicable);
  - (ii) second, a Collateral Debt Obligation having a different Loan ID of the Collateral Debt Obligation which is being relinquished or redeemed (if applicable) but (i) having the same Ca Id (it being part of the same credit facility) and (ii) being denominated in the same currency as such Collateral Debt Obligation,

provided that, in a situation where there is more than one possible Collateral Debt Obligation within the same Priority Level then the possible Collateral Debt Obligation with the highest Loan ID will be selected.

- (b) For a Collateral Debt Obligation which is being relinquished or the proceeds thereof being reinvested, as applicable (a **Replenishment**):

- (i) *first*, a Collateral Debt Obligation having a Ca Id which is the same as the Ca Id of an existing Collateral Debt Obligation the beneficial interest in which is being relinquished or the proceeds thereof being reinvested, as applicable;
- (ii) *second*, a Collateral Debt Obligation having a MSD ID which is the same as the MSD ID of an existing Collateral Debt Obligation the beneficial interest in which is being relinquished or the proceeds thereof being reinvested, as applicable; and
- (iii) *third*, a Collateral Debt Obligation having a MSD GROUP ID which is the same as the MSD GROUP ID of an existing Collateral Debt Obligation the beneficial interest in which is being relinquished or the proceeds thereof being reinvested, as applicable; and
- (iv) *fourth*, a Collateral Debt Obligation with the lowest Moody's Rating Factor,

subject always to the Currency Priority Requirements and provided that, in a situation where there is more than one possible Collateral Debt Obligation within the same Priority Level, then the Collateral Debt Obligation with the highest Loan ID will be selected.

**pro rata** means, when used in respect of any payment of any amount to two or more persons or of two or more obligations (each, a **Pro Rated Obligation**) which is to be allocated between such Pro Rated Obligations "*pro rata*", the allocation of the amount available for payment between such Pro Rated Obligations in proportions equal to the proportion that each such Pro Rated Obligation represents of the sum of all such Pro Rated Obligations or, in the case of any amounts which are allocated between the Noteholders or the holders of any Class of Notes or such Notes "*pro rata*", a proportion of the amount which is to be so allocated equal to the proportion which the aggregate principal amount Outstanding of all the Notes or the Notes of the relevant Class which shall be determined upon redemption in full of any Class of Notes or reduction in the amount of any Note outstanding down to GBP 1 pursuant to Condition (6) (*Redemption and Purchase*) by reference to the amount of such Notes outstanding immediately prior to such redemption or reduction.

**Project Finance Loan** means a loan obligation under which the obligor is obliged to make payments that depend (except for rights or other assets designed to assure the servicing or timely distribution of payments) on revenues arising from infrastructure assets, including, without limitation:

- (a) the sale of products, such as electricity, water, gas or oil, generated by one or more infrastructure assets in the utility industry by a special purpose entity; and
- (b) fees charged in respect of one or more highways, bridges, tunnels, pipelines or other infrastructure assets by a special purpose entity,

and, in each case, the sole activity of such special purpose entity is the ownership and/or management of such asset or assets and the acquisition and/or development of such asset by the special purpose entity was effected primarily with the proceeds of debt financing made available to it on a limited recourse basis.

**Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State.

**Purchase Price** means, in respect of a Collateral Debt Obligation and subject to any provision to the contrary in the Conditions or any other Transaction Document, the price paid in respect of (a) the acquisition of the beneficial interest in the Collateral Debt Obligation by the Issuer from the Vendor

pursuant to the provisions of the Vendor Trust Deed and the Collateral Management Agreement or (b) the re-acquisition of the beneficial interest in the Collateral Debt Obligation by the Vendor from the Issuer pursuant to the provisions of the Vendor Trust Deed and the Collateral Management Agreement, as applicable.

**Purchased Accrued Interest** means, with respect to any Due Period, all payments of interest and proceeds of sale received and other Principal Proceeds received during such Due Period in relation to any Collateral Debt Obligation or any Eligible Investment, as the case may be, in each case, to the extent that such amounts represent accrued interest in respect of such Collateral Debt Obligation or Eligible Investment which was purchased at the time of acquisition thereof with Principal Proceeds.

**Purpose Credit** means the limits on the amount of credit that an investor in the Senior Notes could extend which is then used to purchase or carry Margin Stock.

**Qualifying Country** means any of Austria, Denmark, Finland, France, Germany, Guernsey, Ireland, Isle of Man, Jersey, Luxembourg, The Netherlands, Norway, Spain, Sweden, Switzerland or United Kingdom and any other country, the foreign currency country ceiling rating of which is rated, at the time of acquisition of the relevant Collateral Debt Obligation or Eligible Investment, at least "A3" by Moody's (provided the consent of the Senior Noteholders acting by Extraordinary Resolution is received in respect of any such other country which is not in the Eurozone) or any other country in respect of which, at the time of acquisition of the relevant Collateral Debt Obligation or Eligible Investment and consent of the Senior Noteholders acting by Extraordinary Resolution is received.

**Qualifying Currency** means Euro, Sterling and U.S. Dollars;

**Rating Agency** means each of Moody's and Scope (as applicable), provided that if at any time Moody's and Scope (as applicable) ceases to provide rating services, any other nationally recognised investment rating agency or rating agencies (as applicable) selected by the Issuer and satisfactory to the Trustee (a **Replacement Rating Agency**) and **Rating Agency** means any such rating agency. In the event that at any time a Rating Agency is replaced by a Replacement Rating Agency, references to rating categories of the original Rating Agency in these Conditions and the Transaction Documents shall be deemed instead to be references to the equivalent categories of the relevant Replacement Rating Agency as of the most recent date on which such other rating agency published ratings for the type of security in respect of which such Replacement Rating Agency is used and all references herein to **Rating Agencies** shall be construed accordingly.

**Rating Agency Confirmation** means, with respect to any specified action, determination or appointment, receipt by the Issuer and/or the Trustee of written confirmation (which may take the form of a bulletin, press release, email or other written communication) by each Rating Agency which has, as at the relevant date assigned ratings to any Class of the Senior Notes that are Outstanding (or, if applicable, the Rating Agency specified in respect of any such action or determination, provided that such Rating Agency has, as at the relevant date assigned ratings to any Class of the Senior Notes) that such specified action, determination or appointment will not result in the reduction or withdrawal of any of the ratings currently assigned to the Senior Notes by such Rating Agency. Notwithstanding anything to the contrary in any Transaction Document and these Conditions, no Rating Agency Confirmation shall be required from a Rating Agency in respect of any action, appointment or determination if (a) such Rating Agency has declined a request from the Trustee, the Collateral Manager or the Issuer to review the effect of such action, determination or appointment or (b) has not within 10 Business Days acknowledged receipt of such request and confirmed what action will be taken, or (c) if such Rating Agency announces (publicly or otherwise) or confirms to the Trustee, the Collateral Manager or the Issuer that Rating Agency Confirmation from such Rating Agency is not required, or that its practice is to not give such confirmations for such type of action, determination or appointment or (d) such Rating Agency has ceased to engage in the business of providing ratings or has made a public statement in writing to the effect that it will no



longer review events or circumstances of the type requiring a Rating Agency Confirmation under any Transaction Document or these Conditions for purposes of evaluating whether to confirm the then-current ratings (or initial ratings) of obligations rated by such Rating Agency.

**Rating Requirement** means:

- (a) in respect of Moody's:
  - (i) in the case of the Account Bank a short-term bank deposits (foreign) rating by Moody's of at least "P-1" and a long-term bank deposits (foreign) rating by Moody's of at least "A3";
  - (ii) in the case of the Principal Paying Agent a short-term counterparty risk assessment by Moody's of at least "P-3(cr)" and a long-term counterparty risk assessment by Moody's of at least "Baa3(cr)";
  - (iii) in the case of the holder of the Collection Account, a short-term bank deposit (foreign) rating by Moody's of at least "P-1" and a long-term bank deposits (foreign) rating by Moody's of at least "A3";
  - (iv) in each case, if any of the requirements are not satisfied by any of the parties referred to herein, Rating Agency Confirmation is received in respect of such party; and
- (b) in respect of Scope:
  - (i) in the case of the Account Bank, Principal Paying Agent or the holder of the Collection Account, an issuer rating by Scope of at least "BBB"; or
  - (ii) in each case, if any of the requirements are not satisfied by any of the parties referred to herein, Rating Agency Confirmation is received in respect of such party;
- (c) in the case of Eligible Investments for so long as there are Senior Notes Outstanding which are rated by Moody's and/or Scope, a long-term bank deposits (foreign) rating of at least "A2" by Moody's and an issuer rating by Scope of at least "BBB" (the **Eligible Investments Minimum Long-Term Rating**); or (ii) a short-term bank deposits (foreign) rating of "P-1" by Moody's and an issuer rating by Scope of at least "BBB" (the **Eligible Investments Minimum Short-Term Rating**);
- (d) in each case, if any of the requirements are not satisfied, by any of the parties referred to herein, consent of the Noteholders acting by Extraordinary Resolution; and
- (e) for the avoidance of doubt, the Rating Requirement in respect of Scope only applies to the extent there is an issuer rating by Scope available for the Account Bank, Principal Paying Agent, the holder of the Collection Account or Eligible Investments, as applicable.

**Receiver** means an administrative receiver, a receiver and manager or other receiver (whether appointed pursuant to the Trust Deed, pursuant to any statute, by a court or otherwise).

**Record Date** means the third Business Day of the month in which the relevant due date falls for payment of principal or interest (as the case may be) in respect of a Note, or in respect of the Record Date applicable to the Payment Date which is the Redemption Date of any Note, the Business Day immediately preceding such Payment Date.

**Redemption Date** means each date specified for a redemption of the Notes of a Class pursuant to Condition 6 (*Redemption and Purchase*) or the date on which the Notes of such Class are accelerated pursuant to Condition 9 (*Events of Default*), or in each case, if such day is not a Business Day, the next following Business Day.

**Redemption Determination Date** means in relation to the calculation of the Redemption Threshold Amount, a date that is no later than seven Business Days prior to the Redemption Date.

**Redemption Notice** means a redemption notice in the form available from the Principal Paying Agent which has been duly completed by a Noteholder and which specifies, amongst other things, the applicable Redemption Date.

**Redemption Price** means when used with respect to:

- (a) any Subordinated Note, such Subordinated Note's *pro rata* share of the aggregate proceeds of liquidation of the Collateral, or realisation of the security thereover which are payable in respect of the Subordinated Notes pursuant to the Principal Proceeds Priority of Payments; and
- (b) any Senior Note, 100% of the Principal Amount Outstanding thereof (if any), together with interest (if any) accrued but unpaid in respect thereof,

provided that, in the event that the Notes become subject to redemption in whole (but not in part) pursuant to more than one Condition, the Redemption Price applicable upon redemption thereof shall be that which relates to the redemption of the Notes which would occur first in time pursuant to the relevant provisions thereof.

**Redemption Threshold Amount** means the aggregate of all amounts which would be due and payable on redemption of each Class of Notes on the scheduled Redemption Date pursuant to Condition 2(c) (*Priorities of Payment*) which rank in priority to payments in respect of the Subordinated Notes in accordance with the Priorities of Payment as determined by the Collateral Administrator in consultation with the Collateral Manager based on current information available to the Collateral Administrator and in the case where such amounts are not determinable, based on best estimates determined by the Collateral Manager.

**Reference Banks** has the meaning given thereto in Condition 5(c)(ii)(C) (*Class A2 Rate of Interest*).

**Register** means the register of Noteholders kept by the Registrar pursuant to the terms of the Agency Agreement.

**Regulation S** means Regulation S under the Securities Act.

**Reinvestment Criteria** means:

- (a) to the Collateral Manager's knowledge, no Event of Default has occurred that is continuing at the time of such purchase;
- (b) the Collateral Quality Tests are satisfied or, if any such test was not satisfied, it is no further from being satisfied after giving effect to such reinvestment than immediately prior to the acquisition by the Issuer in additional Collateral Debt Obligations;
- (c) the Portfolio Profile Tests are satisfied or, if any such limitation is not satisfied, in the case of each limitation (i) in respect of which an upper limit is applicable, the relevant concentration is no greater, and (ii) in respect of which a lower limit is applicable, the

relevant concentration is no lesser, after giving effect to such reinvestment than it was immediately prior to the acquisition by the Issuer in additional Collateral Debt Obligations;

- (d) the Senior Par Value Test is satisfied or if (other than with respect to the reinvestment of any proceeds received upon the relinquishment of, or as a recovery on, the beneficial interest in any Defaulted Obligation) as calculated immediately prior to the acquisition of the Issuer in additional Collateral Debt Obligations, the Senior Par Value Test was not satisfied, the coverage ratio relating to such test will be at least as close to being satisfied after giving effect to such reinvestment than it was immediately prior to the acquisition by the Issuer in additional Collateral Debt Obligations;
- (e) (i) in the case of additional Collateral Debt Obligations the beneficial interest in which is acquired by the Issuer with the Sale Proceeds of a Defaulted Obligation, immediately following such acquisition:

- (A) the Senior Par Value Ratio is greater than 118%; or
- (B) the Aggregate Principal Balance of all additional Collateral Debt Obligations the beneficial interest in which is acquired by the Issuer with a portion (or all) of such Sale Proceeds plus accrued but unpaid interest on such additional Collateral Debt Obligations is at least equal to the relevant portion of the Sale Proceeds from such sale being reinvested,

provided that, the Collateral Manager, acting on behalf of the Issuer, (i) may, in its discretion at any time and (ii) shall, in the case where any of:

- (x) the ratings by Moody's of any of the Senior Notes have been reduced by Moody's by at least one sub-category from the Initial Ratings or are withdrawn by Moody's; or
- (y) the Senior Par Value Test is not satisfied (either or both immediately before and immediately after such reinvestment),

instead direct that such proceeds be paid into the relevant Principal Account and disbursed in accordance with the Priorities of Payment on redemption of the Notes as if the Reinvestment Period had expired on the next Payment Date;

- (ii) in the case of additional Collateral Debt Obligations the beneficial interest in which are acquired by the Issuer with a portion (or all) of the Sale Proceeds of a Credit Impaired Obligation, immediately following such acquisition the Aggregate Principal Balance of all additional Collateral Debt Obligations acquired with a portion (or all) of such Sale Proceeds is at least equal to the relevant portion of Sale Proceeds from such sale; and
  - (iii) in the case of additional Collateral Debt Obligations the beneficial interest in which is acquired by the Issuer with a portion (or all) of any Sale Proceeds other than in (i) above the Aggregate Principal Balance of all additional Collateral Debt Obligations acquired with such portion (or all) of the Principal Proceeds is equal to or greater than the relevant portion of the Aggregate Principal Balance of the Collateral Debt Obligations sold; and
- (f) the Moody's CDOROM<sup>TM</sup> Test is satisfied.

**Reinvestment Period** means the period from and including (a) the Issue Date up to and including the earliest of (i) the end of the Due Period preceding the Payment Date falling in July 2020, (ii) the date of the acceleration of the Notes pursuant to Condition 9(b) (*Acceleration*) and (iii) the date on which the Collateral Manager reasonably believes and notifies the Issuer, the Rating Agency and the Trustee that it can no longer reinvest in additional Collateral Debt Obligations in accordance with the Reinvestment Criteria or (b) such other date as directed by the Noteholders by Extraordinary Resolution provided that notice is given to the Rating Agency in respect thereof.

**Related Security** has the meaning given to such term in the Vendor Trust Deed.

**Relevant Member State** means each Member State of the European Economic Area which has implemented the Prospectus Directive.

**Replenishment Date** means a date on which a Replenishment occurs.

**Report** means each Monthly Report and/or Payment Date Report.

**Requirements** mean the anti-money laundering, economic and trade sanctions, anti-corruption and anti-bribery laws and regulations adopted by certain jurisdictions.

**Resolution** means any Ordinary Resolution or Extraordinary Resolution, as the context may require.

**Resolution Authorities** means the national authorities in the Member States who are equipped for BRRD.

**Risk Retention U.S. Persons** means persons that are "U.S. persons" as defined in the U.S. Risk Retention Rules.

**Sale Proceeds** means proceeds received upon the relinquishment by the Issuer of its beneficial interest in any Collateral Debt Obligation, excluding any sale proceeds representing accrued interest designated as Interest Proceeds by the Collateral Manager provided that no such designation may be made in respect of (i) Purchased Accrued Interest or (ii) all proceeds representing accrued interest received in respect of any Defaulted Obligation unless and until (x) the principal of such Defaulted Obligation has been repaid in full and (y) any Purchased Accrued Interest in relation to such Defaulted Obligation has been paid; and (2) any recoveries received in respect of any Defaulted Obligation and net of any amounts expended by or payable by the Issuer or the Collateral Administrator (on behalf of the Issuer) in connection with sale, disposition or termination of such Collateral Debt Obligation.

**Scheduled Principal Proceeds** means in the case of any Collateral Debt Obligation scheduled principal repayments received by the Issuer (including scheduled amortisation, instalment or sinking fund payments).

**Scope** means Scope Ratings GmbH and any successor or successors thereto.

**SEC** means the U.S. Securities and Exchange Commission.

**Section 13 Banking Entity** means an entity that (i) is defined as a "banking entity" under Section 13 of the Bank Holding Company Act of 1956, as amended, 12 USC § 1851(h)(1), (ii) provides written certification to the Issuer and the Trustee in the form set forth in the Trust Deed that it meets the definition under the foregoing clause (i), and (iii) identifies the Class or Classes of Notes held by such entity and the outstanding principal amount thereof. If no entity provides a certification described in the foregoing clause (ii), then no Section 13 Banking Entities will be deemed to exist for purposes of any required consent or action under the Trust Deed, the Collateral Management

Agreement or any related Transaction Document. Further, in connection with each consent or action under the Trust Deed, the Collateral Management Agreement or any related Transaction Document that requires the consent or action by the Section 13 Banking Entities, the party seeking such consent or taking such action will direct the Issuer (if the Issuer is not the party seeking such consent or taking such action), to request that each Section 13 Banking Entity reconfirm its status as a Section 13 Banking Entity and the outstanding principal amount of Notes held by such entity; provided that no entity shall lose its status as a Section 13 Banking Entity unless the Issuer receives a response to such request indicating, or is otherwise notified by such entity, that it is either no longer a Section 13 Banking Entity or no longer holds any Notes.

**Secured Obligations** means all present and future obligations and liabilities (whether actual or contingent) of the Issuer to:

- (a) the Noteholders pursuant to the Conditions and the provisions of the Trust Deed;
- (b) the Trustee pursuant to the Trust Deed and any Receiver or other Appointee appointed thereby pursuant to this Trust Deed;
- (c) the Agents pursuant to the Agency Agreement;
- (d) the Vendor Trustee under the Vendor Trust Deed;
- (e) the Collateral Manager pursuant to the Collateral Management Agreement;
- (f) the Collateral Administrator pursuant to the Collateral Management Agreement;
- (g) the Initial Purchaser pursuant to the Subscription Agreement; and
- (h) to the Corporate Services Provider pursuant to the Corporate Services Agreement.

**Secured Party** means each of the Senior Noteholders and the Subordinated Noteholders, the Collateral Manager, the Collateral Administrator, the Trustee, the Agents, the Initial Purchaser, the Vendor, the Vendor Trustee, the Corporate Services Provider, the Issuance Settlement Agent and any receiver or other appointee of the Trustee and **Secured Parties** means any two or more of them as the context so requires.

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

**Securitisation Regulation** means any regulation of the European Union related to simple, transparent and standardised securitisation including any implementing regulations, technical standards and official guidance related thereto.

**Semi-annual Pay Reserve Proportion Amount** means, in respect of each Qualifying Currency portfolio, an amount of interest calculated at the end of each Due Period, being the higher of (i) zero and (ii) the product of:

- (i) the sum of all interest amounts received by the Issuer on the Current Due Period Semi-annually Paying CDOs in such Due Period; and
- (ii)  $(1 - 7.5\% * \text{the Aggregate Principal Balance} / \text{Aggregate Principal Balance of the Current Due Period Semi-annually Paying CDOs})$ .

**Senior Expenses Cap** means, in respect of each Due Period, GBP 100,000 (or its equivalent based on the Spot Rate) (pro-rated for the Due Period for the first Payment Date on the basis of a 360 day year comprised of the number of days in such Due Period) provided however that if the amount of Trustee Fees and Expenses and Administrative Expenses paid on the three immediately preceding Payment Dates and during the related Due Period, is less than the stated Senior Expenses Cap, the excess will be added to the Senior Expenses Cap with respect to the Payment Date falling after such Due Period. For the avoidance of doubt, the Senior Expenses Cap shall not apply to any amounts due or accrued with respect to actions taken on or in connection with the Issue Date with respect to the issue of the Notes and the entry into the Transaction Documents (as determine by the Collateral Manager).

**Senior Loan** means a secured or unsecured loan obligation which represents a debt obligation of the Obligor which is senior to any subordinated debt obligation of the Obligor as determined by the Collateral Manager in its reasonable business judgment and, for the avoidance of doubt, will not rank behind any senior debt obligation of the Obligor.

**Senior Management Fee** has the meaning given to it in the Collateral Management Agreement.

**Senior Noteholders** means the holders of any Senior Notes from time to time.

**Senior Notes** means the Class A1 Senior Notes, the Class A2 Senior Notes and the Class A3 Senior Notes.

**Senior Par Value Ratio** means as of any Measurement Date, the ratio (expressed as a percentage) obtained for each of the Class A1 Senior Notes, the Class A2 Senior Notes and the Class A3 Senior Notes by dividing (a) the amount equal to the Aggregate Collateral Balance minus the Par Value Test Excess Adjustment Amount by (b) Principal Amount Outstanding of each Class of Senior Notes.

**Senior Par Value Test** means the test which shall be satisfied on a Measurement Date for a Class of Notes if the Senior Par Value Ratio is at least equal to 118%.

**ServCo** means Barclays Services Limited.

**Share Trustee** means the Original Share Trustee and any other trustee (or trustees or any of them) for the time being appointed pursuant to the Share Trust Deed.

**Solvency II Retention Requirements** means the risk retention requirements and due diligence requirements set out in Articles 254 and Article 256 of Commission Delegated Regulation (EU) 2015/35 as amended from time to time.

**Special Redemption** has the meaning given to it in Condition 6(d)(*Special Redemption*).

**Special Redemption Date** has the meaning given to it in Condition 6(d)(*Special Redemption*).

**Spot Rate** means in respect of the calculation of a currency conversion and the relevant date of calculation, the exchange rate as determined by the Collateral Manager by reference to such source(s) as the Collateral Manager may reasonably determine to be appropriate on such date.

**SRB** means the Single Resolution Board.

**SRM Regulation** means Regulation (EU) NO 806/2014, the single resolution mechanism regulation.

**SRR** means special resolution regime.

**Stated Maturity** means with respect to any Collateral Debt Obligation or Eligible Investment, the date specified in such obligation as the fixed date on which the final payment or repayment of principal of such obligation is due and payable.

**Stay Regulations** means the applicable laws, regulations and guidance relating to the right of Resolution Authorities to amend certain agreements to ensure stays or overrides of certain termination rights.

**Subordinated Management Fee** has the meaning given to it in the Collateral Management Agreement.

**Subordinated Notes** means GBP 1,125,000,000 Subordinated Notes.

**Subordinated Noteholders** means the holders of any Subordinated Notes from time to time.

**Subscription Agreement** means the Subscription Agreement between the Issuer and the Initial Purchaser dated on or about 27 June 2018.

**Substitute Collateral Debt Obligation** means a Collateral Debt Obligation the beneficial interest in which has been acquired by the Issuer from the Vendor in substitution for a previously beneficially held Collateral Debt Obligation pursuant to the terms of the Vendor Trust Deed and Collateral Management Agreement and which satisfies both the Eligibility Criteria and the Reinvestment Criteria or the Post-Reinvestment Period Criteria (as applicable).

**Successor Conditions** means the conditions that a successor Collateral Manager will have to satisfy.

**Synthetic Security** means any swap transaction, debt security, security issued by a trust or similar vehicle or other investment, the returns on which are linked to the credit and/or price performance of a reference obligation but which may provide for a different maturity, payment dates, interest rate, credit exposure or other non-credit related characteristics than such reference obligation.

**TARGET2 Settlement Day** means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open.

**Target Par Amount** means in respect of the initial Portfolio:

- (a) in respect of Collateral Debt Obligations denominated in Euros, EUR 1,687,500,000;
- (b) in respect of Collateral Debt Obligations denominated in U.S. Dollars, USD 2,036,700,000;  
and
- (c) in respect of Collateral Debt Obligations denominated in Sterling, GBP 1,500,000,000.

**Target Rating** in respect of Tranche A1, A2 and A3, means:

- (a) in the case of Moody's, Aaa(sf); and
- (b) in the case of Scope, AAA<sub>SF</sub>.

**Taxation of Securitisation Companies Regulations** means The Taxation of Securitisation Companies Regulations 2006 (SI:2006/3296).

**Tranche Life** has the meaning given to it on the "Calculation" sheet of the Moody's Model.

**Transaction Documents** means the Agency Agreement, the Collateral Management Agreement, the Corporate Services Agreement, the Share Trust Deed, the Subscription Agreement, the Trust Deed, the Vendor Power of Attorney, the Vendor Trust Deed, the General Netting Letter and such other related documents which are referred to in terms of the above documents or which relate to the issue of the Notes.

**Transfer Agent** means U.S. Bank National Association.

**Transferring Role** means the assignment, transfer or delegation of any or all of Barclays roles or functions (or parts thereof) under the Transaction Documents (including, without limitation, all or part of the servicing of the Collateral Debt Obligations under the Collateral Manager Agreement or otherwise) to one or more Barclays Reorganisation Affiliates in connection with a Barclays Regulatory Reorganisation.

**Trust Assets** has the meaning given to such term in the Vendor Trust Deed.

**Trust Collateral** means Affected Collateral and any sums received in respect thereof or any security interest, guarantee or indemnity or undertaking of whatever nature given to secure such Affected Collateral.

**Trust Date** has the meaning given to such term in the Vendor Trust Deed.

**Trust Payment** has the meaning given to such term in the Vendor Trust Deed.

**Trustee** means U.S. Bank Trustees Limited.

**Trustee Fees and Expenses** means the fees, costs and expenses (including, without limitation, legal and other professional fees) and all other amounts payable to the Trustee or any Receiver or any other Appointee pursuant to the Trust Deed or any other Transaction Document from time to time including any applicable VAT thereon payable under the Trust Deed or any other Transaction Document and including indemnity payments.

**U.S. Person** means in accordance with the U.S. Risk Retention Rules, any of the following persons:

- (a) any natural person resident in the United States;
- (b) any partnership, corporation, limited liability company, or other organisation or entity organised or incorporated under the laws of any State or of the United States;
- (c) any estate of which any executor or administrator is a U.S. person (as defined under any other clause of this definition);
- (d) any trust of which any trustee is a U.S. person (as defined under any other clause of this definition);
- (e) any agency or branch of a foreign entity located in the United States;
- (f) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person (as defined under any other clause of this definition);
- (g) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and



- (h) any partnership, corporation, limited liability company, or other organisation or entity if:
  - (i) organised or incorporated under the laws of any foreign jurisdiction; and
  - (ii) formed by a U.S. person (as defined under any other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act. rules, any of the following persons.

**U.S. Risk Retention Rules** means Section 15G of the Securities Exchange Act as amended from time to time and the joint final rules promulgated thereunder.

**UK** means the United Kingdom.

**Underlying Instrument** means the agreements or instruments pursuant to which a Collateral Debt Obligation has been issued or created and each other agreement that governs the terms of, or secures the obligations represented by, such Collateral Debt Obligation or under which the holders or creditors under such Collateral Debt Obligation are the beneficiaries.

**Unscheduled Principal Proceeds** means except in the case of any proceeds received in respect of a Defaulted Obligation with respect to any Collateral Debt Obligation, principal proceeds prior to the Stated Maturity thereof received as a result of optional redemptions, prepayments (including any acceleration) or Offers (excluding any premiums or make whole amounts in excess of the principal amount of such Collateral Debt Obligation).

**VAT** means:

- (a) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and
- (b) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) above, or imposed elsewhere.

**Vendor Power of Attorney** means the irrevocable power of attorney granted by the Vendor in connection with the creation of the Vendor Trusts.

**Vendor Re-acquisition Amount** has the meaning given to such term in the Vendor Trust Deed.

**Vendor Trust** means each of the trusts declared by the Vendor from time to time over the Trust Assets.

**Vendor Trust Deed** means the declaration of trust made between, amongst others, the Issuer and Barclays Bank PLC as the Vendor Trustee.

**Vendor Trustee** means Barclays Bank PLC.

**Volcker Rule** means section 619 of the Dodd-Frank Act and the corresponding implementing rules.

**Watch List 1** means Barclays Bank PLC's watch list 1 for downgrade.

**Written Resolution** means any Resolution of the Noteholders which is passed in writing, as described in Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*) and as further described in, and as defined in, the Trust Deed.

**Zero Coupon Security** means a security that, at the time of determination, does not provide for periodic payments of interest.

## TERMS AND CONDITIONS OF THE NOTES

*The following are the conditions of each of the Senior Notes and the Subordinated Notes substantially in the form in which they will be endorsed on such Notes if issued in definitive form and which will be incorporated by reference into the Global Certificates of each Class representing the Notes, subject to the provisions of such Global Certificates.*

The issue of EUR 1,265,625,000 Class A1 Senior Secured Floating Rate Notes due 2039 (the **Class A1 Senior Notes**), USD 1,527,525,000 Class A2 Senior Secured Floating Rate Notes due 2039 (the **Class A2 Senior Notes**), GBP 1,125,000,000 Class A3 Senior Secured Floating Rate Notes due 2039 (the **Class A3 Senior Notes**) and, together with the Class A1 Senior Notes and the Class A2 Senior Notes, the **Senior Notes**) and GBP 1,125,000,000 Subordinated Notes due 2039 (the **Subordinated Notes** and, together with the Senior Notes, the **Notes**) of Sirius Funding plc (the **Issuer**) was authorised by a resolution of the board of directors of the Issuer dated 26 June 2018. The Notes are constituted by a trust deed (together with any other security document entered into in respect of the Notes, the **Trust Deed**) between (amongst others) the Issuer and U.S. Bank Trustees Limited (the **Trustee**, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) in its capacity as trustee for the Noteholders and as security trustee for the Secured Parties. References herein to the "Notes" or the Notes of any Class shall be to all Notes, or all Notes of that Class, as applicable, that are issued and Outstanding or deemed to be issued and Outstanding from time to time.

These terms and conditions of the Notes (the **Conditions**) include summaries of, and are subject to, the detailed provisions of the Trust Deed (which includes the forms of the certificates representing the Notes) and the other Transaction Documents. The following agreements have been entered into in relation to the Notes:

- (a) an Agency Agreement dated on or about 28 June 2018 (the **Agency Agreement**) between the Issuer, the Elavon Financial Services DAC, UK Branch as principal paying agent and calculation agent (respectively, the **Principal Paying Agent** and the **Calculation Agent** (which terms shall include any successor or substitute, principal paying agent or calculation agent, respectively, appointed pursuant to the terms of the Agency Agreement), U.S Bank National Association as transfer agent (the **Transfer Agent**), Elavon Financial Services DAC, UK Branch as registrar and Collateral Administrator (the **Registrar**) and the Trustee;
- (b) a Collateral Management Agreement dated on or about 28 June 2018 (the **Collateral Management Agreement**) between Barclays Bank PLC as collateral manager in respect of the Portfolio (the **Collateral Manager**, which term shall include its successors in title, permitted assigns and permitted transferees, including any successor Collateral Manager appointed pursuant to the terms of the Collateral Management Agreement), Elavon Financial Services DAC, UK Branch as collateral administrator (the **Collateral Administrator**, which term shall include any successor Collateral Administrator pursuant to the terms of the Collateral Management Agreement) and the Issuer, as supplemented by the management criteria attached as a schedule thereto (the **Management Criteria**);
- (c) a Corporate Services Agreement dated on or about 28 June 2018 (the **Corporate Services Agreement**) between the Issuer and Intertrust Management Limited as the corporate services provider (the **Corporate Services Provider**);
- (d) a Share Trust Deed dated on or about 28 June 2018 (the **Share Trust Deed**) pursuant to which Intertrust Corporate Services Limited in its capacity as original share trustee (the **Original Share Trustee**) hold the beneficial interest in the share of Holdings on trust for discretionary purposes;

- (e) a Vendor Power of Attorney dated on or about 28 June 2018 (the **Vendor Power of Attorney**) granted by the Vendor absolutely to the Issuer, the Collateral Manager on behalf of the Issuer and the Trustee; and
- (f) a Vendor Trust Deed dated on or about 28 June 2018 (the **Vendor Trust Deed**) between the Issuer, the Trustee and Barclays Bank PLC in its capacity (i) as vendor of the Portfolio (the **Vendor**), (ii) as Collateral Manager and (iii) as vendor trustee (the **Vendor Trustee**).

Copies of the Agency Agreement, the Account Bank Agreement, the Collateral Management Agreement, the Corporate Services Agreement, the Memorandum and Articles of Association of the Issuer, this Prospectus, the Share Trust Deed, the Trust Deed, the Vendor Power of Attorney and the Vendor Trust Deed are available for inspection during usual business hours at the registered offices of the Trustee (presently at 125 Old Broad Street, Fifth Floor, London, EC2N 1AR) and the Issuer (presently 35 Great St. Helen's, London, EC3A 6AP) and at the specified offices of the Registrar and the Principal Paying Agent for the time being. The holders of each Class of Notes are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Trust Deed, and are deemed to have notice of, all the provisions of the Agency Agreement, the Collateral Management Agreement, the Vendor Trust Deed, the Vendor Power of Attorney and the Share Trust Deed, applicable to them.

Capitalised terms not otherwise defined in these Conditions shall bear the meanings given to them in the Index of Defined Terms in the Prospectus.

## **1 FORM, DENOMINATION, TITLE AND TRANSFER**

### **(a) *Form and Denomination***

The Notes of each Class may be issued in (i) global, certificated registered form, without interest coupons, talons and principals receipts attached or (ii) definitive certificated, fully registered form, without interest coupons, talons or principal receipts attached, in each case in the applicable Authorised Denomination. A Global Certificate or a Definitive Certificate (as applicable) will be issued to each Noteholder in respect of its registered holding or holdings of Notes. Each Definitive Certificate will be numbered serially with an identifying number which will be recorded in the Register which the Issuer shall procure to be kept by the Registrar. An up to date copy of the Register shall be kept at the registered office of the Issuer. Notwithstanding anything to contrary in these Conditions, the Trust Deed or any of the Transaction Documents, the Subordinated Notes may only be held in global, certificated registered form following notification from (or on behalf of) the Issuer to the Collateral Manager that the Notes can be held in such form.

### **(b) *Title to the Registered Notes***

Title to the Notes passes upon registration of transfers in the Register in accordance with the provisions of the Agency Agreement and the Trust Deed. Notes will be transferable only on the books of the Issuer and its agents. The registered holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder. A duplicate copy of the Register shall be kept at the registered office of the Issuer. In case of inconsistency between the duplicate copy of the Register kept at the registered office of the Issuer and the Register kept by the Registrar, the duplicate copy of the Register at the registered office of the Issuer shall prevail.

### **(c) *Transfer***

In respect of Notes represented by a Definitive Certificate, one or more Notes may be transferred in whole or in part in nominal amounts of the applicable Authorised Denomination only upon the

surrender, at the specified office of the Registrar or the Transfer Agent, of the Definitive Certificate representing such Note(s) to be transferred, with the form of transfer endorsed on such Definitive Certificate duly completed and executed and together with such other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Notes represented by one Definitive Certificate, a new Definitive Certificate will be issued to the transferee in respect of the part transferred and a further new Definitive Certificate in respect of the balance of the holding not transferred will be issued to the transferor. Interests in a Global Certificate will be transferable in accordance with the rules and procedures for the time being of the relevant Clearing System.

(d) ***Delivery of New Certificates***

Each new Definitive Certificate to be issued pursuant to Condition 1(c) (*Transfer*) will be available for delivery within five Business Days of receipt of such form of transfer or of surrender of an existing Definitive Certificate upon partial redemption. Delivery of new Definitive Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar, as the case may be, to whom delivery or surrender shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the form of transfer or otherwise in writing, shall be mailed by pre-paid first class post, at the risk of the holder entitled to the new Definitive Certificate, to such address as may be so specified. In this Condition 1(d) (*Delivery of New Certificates*), Business Day means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified offices of the Transfer Agent and the Registrar.

(e) ***Transfer Free of Charge***

Transfer of Notes and Global Certificates and Definitive Certificates (as applicable) representing such Notes in accordance with these Conditions on registration or transfer will be effected without charge to the Noteholders by or on behalf of the Issuer, the Registrar or the Transfer Agent, but upon payment (or the giving of such indemnity as the Registrar or the Transfer Agent may require in respect thereof) of any tax or other governmental charges which may be imposed in relation to it.

(f) ***Closed Periods***

No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 calendar days ending on the due date for redemption (in full) of that Note or (ii) during the period of seven calendar days ending on (and including) any Record Date.

(g) ***Regulations Concerning Transfer and Registration***

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning the transfer of Notes scheduled to the Trust Deed, including without limitation, that a transfer of Notes in breach of certain of such regulations will result in such transfer being void ab initio. The regulations may be changed by the Issuer in any manner which is reasonably required by the Issuer (after consultation with the Trustee) to reflect changes in legal or regulatory requirements or in any other manner which, in the opinion of the Issuer (after consultation with the Trustee and subject to not less than 60 days' notice of any such change having been given to the Noteholders in accordance with Condition 15 (*Notices*)), is not prejudicial to the interests of the holders of any Class of Notes. A copy of the current regulations may be inspected at the offices of the Transfer Agent during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for the term of the Notes and will be sent by the Registrar to any Noteholder who so requests.

(h) ***Forced Transfer pursuant to U.S. Retention Rules***

The Issuer shall, promptly after the determination that such person is a U.S. Risk Retention Person by the Issuer, send notice to such U.S. Risk Retention Person demanding that such Noteholder transfer its interest to a person that is not a U.S. Risk Retention Person within 30 days of the date of such notice. If such Noteholder fails to effect the transfer required within such 30 day period (a) the Issuer or the Collateral Manager on its behalf, shall cause such beneficial interest to be transferred in a commercially reasonable sale to a person or entity that certifies to the Issuer, in connection with such transfer, that such person or entity is not a U.S. Risk Retention Person and (b) pending such transfer, no further payments will be made in respect of such beneficial interest. None of the Issuer, the Trustee and the Registrar shall be liable to any Noteholder having an interest in the Notes sold or otherwise transferred as a result of any such sale or transfer. The Issuer shall be entitled to deduct from the sale or transfer price an amount equal to all the expenses and costs incurred and any loss suffered by the Issuer as a result of such forced transfer. The U.S. Risk Retention Person will receive the balance, if any.

## **2 STATUS**

### **(a) Status**

The Notes of each Class constitute direct, general, secured, unconditional obligations of the Issuer, recourse in respect of which is limited in the manner described in Condition 3(c) (*Limited Recourse*). The Notes of each Class are secured in the manner described in Condition 3(a) (*Security*).

Except where otherwise provided pursuant to the Priorities of Payment and Condition 6(b) (*Redemption at the Option of the Subordinated Noteholders*), payments in respect of the Senior Notes will rank *pari passu* amongst themselves. Payments in respect of the Subordinated Notes will rank *pari passu* amongst themselves.

Pursuant to the Priorities of Payment, no currency conversion shall occur and as a result payments of principal may be made on one or more Classes of Senior Notes in seniority to payments of principal on the other Class(es) of Senior Notes except (a) when a Class of Senior Notes is fully redeemed such that the Principal Proceeds held by the Issuer in the currency of such Class of Senior Notes that has been fully redeemed, once converted, can be used to redeem the outstanding Class(es) of Senior Notes, (b) upon a redemption of the Notes in accordance with Condition 6(f) (*Redemption following Note Tax Event*), (c) upon the Notes becoming due and payable following the occurrence of an Event of Default in accordance with Condition 9 (*Events of Default*) or (d) upon a redemption of the Notes pursuant to Condition 6(c) (*Redemption upon Breach of Senior Par Value Test*).

### **(b) Relationship Between the Senior Notes and the Subordinated Notes**

The Subordinated Notes will be entitled to receive, out of (i) Interest Proceeds, the amounts described under the Interest Proceeds Priority of Payments and (ii) Principal Proceeds, the amounts described under the Principal Proceeds Priority of Payments. Payments on the Subordinated Notes are subordinated to payments on the Senior Notes and other amounts described in the Interest Proceeds Priority of Payments and the Principal Proceeds Priority of Payments.

### **(c) Priorities of Payment**

The Collateral Administrator shall (on the basis of the Payment Date Report prepared by the Collateral Administrator in consultation with the Collateral Manager pursuant to the terms of the Collateral Management Agreement on each Determination Date), on behalf of the Issuer, on each Payment Date cause the Account Bank to disburse Interest Proceeds and Principal Proceeds transferred to the Payment Account by the first Business Day prior to such Payment Date, in accordance with the Priorities of Payment set out below.

Subject to the following paragraph, Interest Proceeds and Principal Proceeds shall be applied towards all liabilities specified in each same paragraph of the Interest Proceeds Priority of Payment or Principal Proceeds Priority of Payment (as applicable) so that any proceeds available for payment of such amounts denominated in a currency shall first be applied towards any such liabilities which are denominated in such currency.

Save as set out in paragraphs (B) and (C)(a) of the Principal Proceeds Priority of Payment:

- (A) to the extent there is an insufficient amount of either Interest Proceeds or Principal Proceeds denominated in Euro, U.S. Dollars or Sterling to meet the payment obligations falling due in such currency pursuant to a particular paragraph of the Priorities of Payment and there are excess Interest Proceeds or Principal Proceeds, as applicable, in one or more other currencies to cover such shortfall after meeting payment obligations falling due in such other currency or currencies, such excess Interest Proceeds or Principal Proceeds, as applicable, shall be applied as necessary (as determined by the Collateral Manager) in payment of such shortfall following conversion thereof into the currency in which such shortfall exists at the prevailing Spot Rate, provided that Interest Proceeds or Principal Proceeds (as applicable) shall be converted only to the extent necessary to cover such shortfall; and
- (B) to the extent there is an insufficient amount of either Interest Proceeds or Principal Proceeds denominated in Euro, U.S. Dollars or Sterling to meet the aggregate payment obligations falling due pursuant to a particular paragraph of the Priorities of Payment and that there are not enough excess Interest Proceeds or Principal Proceeds, as applicable, in one or more other currencies to cover such shortfall after meeting payment obligations falling due in such other currency or currencies, the amounts payable pursuant to such paragraph shall be adjusted so that the shortfall (determined as the proportion the amount paid represents to the full amount due, in each case pursuant to such paragraph of the Priorities of Payment) is borne in equal proportion by all such payment obligations regardless of their currency of denomination (calculated by converting the amount of any U.S. Dollars and/or Euro payment obligations into GBP at the Spot Rate) and effected by converting proceeds denominated in Euro, U.S. Dollars or Sterling, as applicable, into the other currencies at the then prevailing Spot Rate to the extent required to ensure that such shortfall is borne equally on the basis specified above and applying such amounts towards the payment obligations denominated in the same currency.

(d) ***Application of Interest Proceeds***

Subject as further provided below, Interest Proceeds shall be applied in the following order of priority:

- (A) to (i) the provision for and payment of taxes owing by the Issuer accrued in respect of the related Due Period (including United Kingdom corporation tax in relation to the amounts equal to the retained profit referred to in paragraph (e) below), as certified by two Authorised Officers of the Issuer to the Collateral Administrator, if any, and (ii) the payment to the Issuer of an amount equal to GBP1,250 (or its equivalent in another currency) (less an amount for which provision has been made in accordance with (i) above for the Issuer's liability to UK corporation tax in respect of its retained profit), in respect of the related Due Period to be retained by the Issuer as profit in respect of the business of the Issuer;
- (B) to the payment of accrued and unpaid Trustee Fees and Expenses, up to an amount equal to the Senior Expenses Cap in respect of the related Due Period; provided that the Senior Expenses Cap shall not apply to this paragraph (B) at any time during the occurrence and continuation of an Event of Default or any acceleration of the Notes (for the avoidance of doubt, VAT comprised in any of the Trustee Fees and Expenses shall be paid as part of, and

in the same priority as, the Trustee Fees and Expenses themselves and not as a tax owed by the Issuer);

- (C) to the payment of Administrative Expenses in the priority stated in the definition, up to an amount equal to the Senior Expenses Cap in respect of the related Due Period less any amounts paid pursuant to paragraph (B) above provided that the Senior Expenses Cap shall not apply to this paragraph (C) at any time during the occurrence and continuation of an Event of Default or any acceleration of the Notes (for the avoidance of doubt, VAT comprised in any of the Administrative Expenses shall be paid as part of, and in the same priority as, the Administrative Expenses themselves and not as a tax owed by the Issuer);
- (D) to the Expense Reserve Account at the discretion of the Collateral Manager, subject to any such payment not exceeding GBP100,000 (or equivalent based on Spot Rate);
- (E) unless waived by the Collateral Manager pursuant to the Collateral Management Agreement, to the payment to the Collateral Manager of the Senior Management Fee due and payable on such Payment Date together with any VAT in respect thereof (whether payable to the Collateral Manager or directly to the relevant taxing authority);
- (F) to the payment on a *pro rata* and *pari passu* basis of:
  - (i) the Class A1 Interest Amounts;
  - (ii) the Class A2 Interest Amounts; and
  - (iii) the Class A3 Interest Amounts,due and payable on the Senior Notes in respect of the relevant Accrual Period;
- (G) in the event that the Senior Par Value Test for one or more Classes of Senior Notes is not satisfied on the related Determination Date, on a *pro rata* and *pari passu* basis to redeem:
  - (i) the Class A1 Senior Notes;
  - (ii) the Class A2 Senior Notes; and
  - (iii) the Class A3 Senior Notes,in whole or in part, in each case, to the extent necessary to cause the Senior Par Value Test for such Class of Senior Notes to be met if recalculated following such redemption;
- (H) unless waived by the Collateral Manager pursuant to the Collateral Management Agreement, to the payment to the Collateral Manager of the Subordinated Management Fee due and payable on such Payment Date together with any VAT in respect thereof (whether payable to the Collateral Manager or directly to the relevant taxing authority);
- (I) to the payment on a *pro rata* and *pari passu* basis of Trustee Fees and Expenses (if any) not paid by reason of the Senior Expenses Cap (for the avoidance of doubt, VAT comprised in any of the Trustee Fees and Expenses shall be paid as part of, and in the same priority as, the Trustee Fees and Expenses themselves and not as a tax owed by the Issuer);
- (J) to the payment on of Administrative Expenses (if any), in the order of priority set out in such definition, not paid by reason of the Senior Expenses Cap (for the avoidance of doubt, VAT comprised in any of the Administrative Expenses shall be paid as part of, and in the same



priority as, the Administrative Expenses themselves and not as a tax owed by the Issuer); and

- (K) any remaining Interest Proceeds, to the payment of interest on the Subordinated Notes on a pro rata basis (determined upon redemption in full thereof by reference to the proportion that the principal amount of the Subordinated Notes held by Subordinated Noteholders bore to the Principal Amount Outstanding of the Subordinated Notes immediately prior to such redemption). Interest on the Subordinated Notes shall be payable in the currency of the Interest Proceeds available for distribution.

(e) **Curing of Interest Shortfall**

If at any time during a Due Period (but in no event later than the next Determination Date) when any of the Senior Notes are outstanding, the Collateral Manager reasonably believes that there will be insufficient Interest Proceeds such that a payment would be due under Condition 2(f)(A) on the next Payment Date (an **Interest Shortfall Payment**), the Collateral Manager shall use its reasonable endeavours to notify the Subordinated Noteholders of such Interest Shortfall Payment.

Upon receipt of such notification, any Subordinated Noteholder may:

- (A) at any time on or prior to the date that falls three Business Days prior to the relevant Payment Date, notify the Issuer, the Collateral Administrator and the Collateral Manager in writing that it intends to pay to the Interest Account such amount as will prevent an Interest Shortfall Payment occurring (a **Cure Notice**);
- (B) on the second Business Day before the relevant Payment Date, pay to the Interest Account such amount as will prevent an Interest Shortfall Payment occurring (a **Cure Payment**).

It is the responsibility of the Subordinated Noteholders to provide the Collateral Manager with appropriate contact details to permit receipt of notification that an Interest Shortfall Payment may occur.

For the avoidance of doubt, any Cure Payment made by any Subordinated Noteholder shall not be made by way of loan.

(f) ***Application of Principal Proceeds***

Subject as provided below, Principal Proceeds shall be applied in the following order of priority:

- (A) to the payment on a sequential basis of the amounts referred to in paragraphs (A) through (F) (inclusive) of the Condition 2(d) (*Application of Interest Proceeds*) to the extent not paid in full thereunder;
- (B) to the payment of the amounts referred to in paragraph (G) of the Condition 2(d) (*Application of Interest Proceeds*) to the extent not paid in full thereunder but only applied to the Class of Senior Notes denominated in the same currency as the available Principal Proceeds. For the purposes of the Principal Proceeds Priority of Payments, the calculation of the Senior Par Value Test on any Determination Date shall be made after giving effect to all payments to be made pursuant to all subclauses of the Interest Proceeds Priorities of Payment, as applicable, payable on the Payment Date following such Determination Date;
- (C) (a) during the Reinvestment Period, in accordance with Condition 6(b) (*Redemption at the Option of the Subordinated Noteholders*) or Condition 6(d) (*Special Redemption*) or following the expiry of the Reinvestment Period, Principal Proceeds

(other than those permitted to be and actually designated for reinvestment in accordance with the terms of the Collateral Management Agreement) shall be used:

- (i) in respect of Principal Proceeds denominated in EUR, in redemption of the Class A1 Senior Notes on a *pro rata* and *pari passu* basis;
- (ii) in respect of Principal Proceeds denominated in USD, in redemption of the Class A2 Senior Notes on a *pro rata* and *pari passu* basis; and
- (iii) in respect of Principal Proceeds denominated in GBP, in redemption of the Class A3 Senior Notes on a *pro rata* and *pari passu* basis,

provided that following one or two of the Classes of Senior Notes being repaid in full, Principal Proceeds denominated in the currency of such Class or Classes shall be converted to the extent necessary into the currency or currencies of the Class or Classes of Senior Notes still Outstanding at the then prevailing Spot Rate and shall be applied in redemption of such Class or Classes; and

- (b) in respect of any redemption in full of each Class of the Senior Notes pursuant to Condition 6(f) (Redemption following Note Tax Event) and Condition 9 (*Events of Default*), Principal Proceeds shall be used to redeem each Class of the Senior Notes on a *pro rata* and *pari passu* basis;
  - (D) either to the purchase of Substitute Collateral Debt Obligations or to the relevant Principal Account pending reinvestment in Substitute Collateral Debt Obligations at a later date in accordance with the terms of the Collateral Management Agreement (for the avoidance of doubt, following the end of the Reinvestment Period, only in respect of Unscheduled Principal Proceeds and Sale Proceeds from the relinquishment of the beneficial interest in Credit Impaired Obligations);
  - (E) to the payment on a sequential basis of the amounts referred to in paragraphs (d)(H) through (d)(J) (inclusive) of the Condition 2(d) (*Application of Interest Proceeds*) to the extent not paid in full thereunder; and
  - (F) any remaining Principal Proceeds, to the payment of principal and, thereafter, interest on the Subordinated Notes on a *pro rata* basis (determined upon redemption in full thereof by reference to the proportion that the principal amount of the Subordinated Notes held by Subordinated Noteholders bore to the Principal Amount Outstanding of the Subordinated Notes and immediately prior to such redemption). Distributions on the Subordinated Notes shall be payable in the currency of the Principal Proceeds available for distribution and the Principal Amount Outstanding of the Subordinated Notes shall be reduced by an amount equal to such Principal Proceeds, converted where applicable into GBP at the Initial FX Rate.
- (g) ***Non-payment of Amounts***

Failure on the part of the Issuer to pay the Interest Amounts due and payable on any Class of Notes (excluding the Subordinated Notes) pursuant to Condition 5 (*Interest*) and the Priorities of Payment by reason solely that there are insufficient funds standing to the credit of the Payment Account shall not be an Event of Default unless and until such failure continues for a period of least five Business Days or, in the case of such non-payment resulting from an administrative error, such failure continues for a period of at least seven Business Days and save in each case as the result of any deduction therefrom or the imposition of withholding thereon as set forth in Condition 8 (*Taxation*).

Save as otherwise provided in respect of any unpaid Collateral Management Fee, in the event of non-payment of any amounts which are due and payable pursuant to the Priorities of Payment on any Payment Date, such amounts shall remain due and shall be payable on each subsequent Payment Date in the orders of priority provided for in this Condition 2(g) (*Non-payment of Amounts*). Unpaid interest on any Class of Notes (excluding the Subordinated Notes) shall bear interest at the rate of such Class of Notes. References to the amounts referred to in the Interest Proceeds Priority of Payments and the Principal Proceeds Priority of Payments of this Condition 2(g) (*Non-payment of Amounts*) shall include any amounts thereof not paid when due in accordance with this Condition 2(g) (*Non-payment of Amounts*) on any preceding Payment Date.

(h) ***Determination and Payment of Amounts***

The Collateral Administrator on behalf of the Issuer will, in consultation with the Collateral Manager, on each Determination Date, calculate the amounts payable on the applicable Payment Date pursuant to the Priorities of Payment and will notify the Issuer and the Trustee of such amounts. The Account Bank (acting in accordance with the Payment Date Report compiled by the Collateral Administrator on behalf of the Issuer) shall, on behalf of the Issuer not later than 12.00 noon (London time) on the first Business Day preceding each Payment Date, cause the amounts standing to the credit of the Principal Account and if applicable the Interest Account (together with, to the extent applicable, amounts standing to the credit of any other Account) to the extent required to pay the amounts referred to in the Interest Proceeds Priority of Payments and the Principal Proceeds Priority of Payments which are payable on such Payment Date, to be transferred to the Payment Account in accordance with Condition 2(m) (*Payments to and from the Accounts*).

(i) ***De Minimis Amounts***

The Collateral Administrator on behalf of the Issuer may, in consultation with the Collateral Manager, adjust the amounts required to be applied in payment of principal on the Senior Notes and the Subordinated Notes from time to time pursuant to the Priorities of Payment so that the amount to be so applied in respect of (i) each Class A1 Senior Note is a whole amount, not involving any fraction of a EUR0.01, (ii) each Class A2 Senior Note is a whole amount, not involving any fraction of a USD0.01 and (iii) each Class A3 Senior Note and Subordinated Note is a whole amount, not involving any fraction of a GBP0.01, in each case at the discretion of the Collateral Administrator.

(j) ***Publication of Amounts***

The Collateral Administrator, on behalf of the Issuer, will cause details of the amounts of interest and principal to be paid, and any amounts of interest payable but not paid, on each Payment Date in respect of the Notes to be notified at the expense of the Issuer to the Issuer, the Trustee, the Principal Paying Agent, and the Global Exchange Market by no later than 11.00 am (London time) on the 6th Business Day following the applicable Determination Date and the Principal Paying Agent shall procure that details of such amounts are notified at the expense of the Issuer to the Noteholders of each Class in accordance with Condition 15 (*Notices*) as soon as possible after notification thereof to the Principal Paying Agent in accordance with the above but in no event later than (to the extent applicable) the 8th Business Day after the last day of the applicable Due Period.

(k) ***Notifications to be Final***

All notifications, opinions, determinations, certificates, quotations and decisions given, expressed, made or obtained or discretions exercised for the purposes of the provisions of this Condition 2(k) (*Notifications to be Final*) will (in the absence of manifest error) be binding on the Issuer, Collateral Administrator, the Trustee, the Registrar, the Transfer Agent, the Principal Paying Agent and all Noteholders and (in the absence of negligence, fraud or wilful misconduct on the part of the Collateral Administrator) no liability to the Issuer or the Noteholders shall attach to the Collateral

Administrator in connection with the exercise, delay in the exercise or non-exercise by it of its powers, duties and discretions under this Condition 2(k) (*Notifications to be Final*).

(l) ***Accounts***

The Issuer shall, prior to the Issue Date, establish the following accounts with the Account Bank, as applicable:

- the Principal Account;
- the Interest Account;
- the Payment Account;
- the Expense Reserve Account; and
- the Interest Smoothing Account.

The Account Bank shall at all times be a financial institution satisfying the Rating Requirement applicable thereto, which has the necessary regulatory capacity and licences to perform the services required of it. In the event that the Account Bank at any time fails to satisfy the applicable Rating Requirement, the Issuer shall use reasonable endeavours to procure that a replacement Account Bank as the case may be, with the consent of the Trustee, which satisfies the Rating Requirement is appointed in accordance with the provisions of the Agency Agreement.

All interest accrued (excluding Purchased Accrued Interest, which shall be paid into the Principal Account) on any of the Accounts from time to time shall be paid into the relevant Interest Account, save to the extent that the Issuer is contractually bound to pay such amounts to a third party.

Amounts standing to the credit of the Principal Account, the Interest Account, the Expense Reserve Account and the Interest Smoothing Account from time to time may be invested by the Collateral Manager in Eligible Investments. All principal amounts received in respect of Eligible Investments standing to the credit of any such Account from time to time shall be credited to that Account upon maturity, save to the extent that the Issuer is contractually bound to pay such amounts to a third party. All interest accrued on such Eligible Investments (including capitalised interest received upon the sale, maturity or termination of any such investment), shall be paid to the Interest Account as, and to the extent provided, above.

The Interest Account, Principal Account, the Payment Account, the Expense Reserve Account and the Interest Smoothing Account have sub-accounts denominated in Euro, Sterling and U.S. Dollars.

Notwithstanding any other provisions of this Condition 2(l) (*Accounts*):

- (i) all amounts standing to the credit of each of the Accounts other than (A) the Interest Account, (B) the Payment Account, (C) all interest accrued on the Accounts, (D) the Expense Reserve Account and (E) the Interest Smoothing Account shall be transferred to the Payment Account and shall constitute Principal Proceeds on the Business Day prior to any redemption of the Notes in full; and
- (ii) all amounts standing to the credit of (A) the Interest Account, (B) the Interest Smoothing Account and (C) all interest accrued on the Accounts shall be transferred to the Payment Account as Interest Proceeds on the Business Day prior to any redemption of the Notes in full.

(m) *Payments to and from the Accounts*

(i) *Principal Account*

The Issuer will procure that the following Principal Proceeds are paid into the Principal Account promptly upon receipt thereof:

- (A) all principal payments, received in respect of the Collateral Debt Obligations including, without limitation:
  - (i) amounts received in respect of any maturity, scheduled amortisation, mandatory prepayment or mandatory sinking fund payment on a Collateral Debt Obligation;
  - (ii) Unscheduled Principal Proceeds;
  - (iii) Scheduled Principal Proceeds;
  - (iv) Sale Proceeds;
  - (v) recoveries on Defaulted Obligations to the extent not included in Sale Proceeds;
  - (vi) any other principal payments with respect to Collateral Debt Obligations or Eligible Investments (to the extent not included in the Sale Proceeds);
  - (vii) all premiums (including prepayment premiums) receivable upon redemption of any Collateral Debt Obligation at maturity or otherwise or upon sale or exercise of any put or call option in respect thereof which is above the outstanding principal amount of any Collateral Debt Obligation;
  - (viii) all fees and commissions received in connection with the purchase or sale of any Collateral Debt Obligations or work out or restructuring of any Defaulted Obligations or Collateral Debt Obligations; and
  - (ix) all Purchased Accrued Interest;
- (B) an amount equal to the net proceeds of issue of the Notes remaining after the payment of certain fees and expenses due and payable by the Issuer on the Issue Date;
- (C) amounts transferred to the Principal Account from any other Account as required below;
- (D) all proceeds received from any additional issuance of the Notes that are not invested in Collateral Debt Obligations or required to be paid into the Interest Account; and
- (E) any other amounts received in respect of the Collateral which are not required to be paid into another Account.

The Issuer shall procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the Principal Account:

- (1) on the first Business Day prior to each Payment Date, all Principal Proceeds standing to the credit of the Principal Account to the relevant Payment Account to the extent required for disbursement pursuant to the Principal Proceeds Priority of Payments, save for (a) amounts deposited after the end of the related Due Period which have not been designated for reinvestment in any specific Substitute Collateral Debt Obligation(s) by the Collateral Manager (on behalf of the Issuer) pursuant to the Collateral Management Agreement, and (b) any Principal Proceeds deposited prior to the end of the related Due Period to the extent such Principal Proceeds are permitted to be and have been designated for reinvestment by the Collateral Manager (on behalf of the Issuer) pursuant to the Collateral Management Agreement for a period beyond such Payment Date, provided that no such payment shall be made to the extent that such amounts are not required to be distributed pursuant to the Principal Proceeds Priority of Payments on such Payment Date; and
- (2) on any Business Day to the extent otherwise required or permitted by the Conditions or the provisions of any Transaction Documents in accordance with such Conditions or Transaction Document.

(ii) ***Interest Account***

The Issuer will procure that the following Interest Proceeds are credited to the Interest Account promptly upon receipt thereof:

- (A) all cash payments of interest in respect of the Collateral Debt Obligations including:
  - (i) all amounts received by the Issuer by way of gross-up in respect of such interest and in respect of a claim under any applicable double taxation treaty; and
  - (ii) all accrued interest included in the proceeds of sale of any other Collateral Debt Obligation that are designated by the Collateral Manager as Interest Proceeds pursuant to the Collateral Management Agreement (provided that no such designation may be made in respect of (i) any Purchased Accrued Interest, or (ii) proceeds representing accrued interest received in respect of any Defaulted Obligation unless and until (x) the principal of such Defaulted Obligation has been repaid in full and (y) any Purchased Accrued Interest in relation to such Defaulted Obligation has been paid); and
- (B) all interest accrued on the Interest Account from time to time and all interest accrued in respect of the Balances standing to the credit of the other Accounts (including interest on any Eligible Investments standing to the credit thereof) to the extent applicable, from time to time.

The Issuer shall procure payment of the following amounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted above) out of the Interest Account:

- (1) on the first Business Day prior to each Payment Date, all Interest Proceeds standing to the credit of the Interest Account shall be transferred to the Payment Account to the extent required for disbursement pursuant to the Interest Proceeds Priority of Payments, save for amounts deposited after the end of the related Due Period; and

- (2) at any time in accordance with the terms of, and to the extent permitted under, the Collateral Management Agreement, in the acquisition of Collateral Debt Obligations to the extent that any such acquisition costs represent accrued interest.

(iii) ***Payment Account***

The Issuer will procure that, on the first Business Day prior to each Payment Date, all amounts standing to the credit of each of the Accounts which are required to be transferred from the other accounts to the Payment Account pursuant to Condition 2(l) (*Accounts*) and Condition 2(m) (*Payments to and from the Accounts*) are so transferred to be disbursed pursuant to the Priorities of Payment on any Payment Date and, on such Payment Date, the Collateral Administrator shall cause the Account Bank (acting on the basis of the Payment Date Report), to disburse such amounts in accordance with the Priorities of Payment. No amounts shall be transferred to or withdrawn from the Payment Account at any other time or in any other circumstances.

(iv) ***Expense Reserve Account***

The Issuer shall procure that any amounts received pursuant to sub-paragraph (D) of the Condition 2(d) (*Application of Interest Proceeds*) on each Payment Date are paid into the Expense Reserve Account and shall procure that (I) the amounts due or accrued during the term of the Notes that the Collateral Manager (on behalf of the Issuer) designates to be expenses (including, but not limited to, Administrative Expenses and Trustee Fees and Expenses) are paid out of the Expense Reserve Account and (II) on the Maturity Date or any date on which the Senior Notes are to be repaid in full, the balance standing to the credit of the Expense Reserve Account is transferred to the Interest Account.

If the balance of the Expense Reserve Account exceeds GBP200,000 (or the equivalent amount in EUR or USD converted at the Spot Rate), at any time, the excess amount will be paid into the Interest Account two Business Days prior to the immediately following Payment Date.

(v) ***Interest Smoothing Account***

The Issuer will procure that any Semi-annual Pay Reserve Proportion Amounts are credited to the Interest Smoothing Account two Business Days prior to the Payment Date for such Due Period.

The Issuer will procure payment of the following amounts (and shall ensure that payment of no other amount is made save to the extent otherwise permitted) out of the Interest Smoothing Account in payment as provided below:

- (A) any Semi-annual Pay Reserve Proportion Amount will be transferred to the Interest Account two Business Days prior to the Payment Date for the next Due Period; and
- (B) on the first Business Day prior to the Maturity Date or any date on which the Senior Notes are to be repaid in full, the balance standing to the credit of the Interest Smoothing Account shall be transferred to the Interest Account.

### **3 SECURITY**

(a) ***Security***

Pursuant to the Trust Deed, the obligations of the Issuer under the Notes of each Class, the Trust Deed, the Agency Agreement, the Vendor Trust Deed and the Collateral Management Agreement (together with the other obligations owed by the Issuer to the Secured Parties) are secured in favour of the Trustee for the benefit of itself and the other Secured Parties by:

- (i) an assignment by way of security of all the Issuer's present and future rights, title and interest (and all entitlements or other benefits relating thereto) in respect of all Eligible Investments standing to the credit of each of the Accounts, the beneficial interest in the Collateral Debt Obligations, their Related Security and the Collection Account acquired pursuant to the Vendor Trust Deed and any other investments in each case held by the Issuer from time to time (where such rights are contractual rights other than contractual rights, the assignment of which would require the consent of a third party and where such contractual rights arise other than under securities), including, without limitation, all moneys received in respect thereof, all dividends and distributions paid or payable thereon, all property paid, distributed, accruing or offered at any time on, to or in respect of or in substitution therefor and the proceeds of relinquishment, repayment and redemption thereof;
- (ii) a first fixed charge and first priority security interest granted over all the Issuer's present and future rights, title and interest (and all entitlements or other benefits relating thereto) in respect of Eligible Investments standing to the credit of each of the Accounts, the beneficial interest in the Collateral Debt Obligations, their Related Security and the Collection Account acquired pursuant to the Vendor Trust Deed by the Issuer (where such assets are securities or contractual rights not assigned by way of security pursuant to subparagraph (i) above and which are capable of being the subject of a first fixed charge and first priority security interest), including, without limitation, all moneys received in respect thereof, all dividends and distributions paid or payable thereon, all property paid, distributed, accruing or offered at any time on, to or in respect of or in substitution therefor and the proceeds of relinquishment, repayment and redemption thereof;
- (iii) a first fixed charge over all present and future rights of the Issuer in respect of each of the Accounts and all moneys from time to time standing to the credit of such Accounts and the debts represented thereby and including, without limitation, all interest accrued and other moneys received in respect thereof;
- (iv) an assignment by way of security of all the Issuer's present and future rights under the Collateral Management Agreement;
- (v) a first fixed charge over all moneys held from time to time by the Principal Paying Agent and any other Agent for payment of principal, interest or other amounts on the Notes (if any);
- (vi) an assignment by way of security of all the Issuer's present and future rights under the Vendor Trust Deed, the Agency Agreement, the Corporate Services Agreement and the Subscription Agreement; and
- (vii) to the extent permitted by applicable law, a floating charge over the whole of the Issuer's undertaking and assets to the extent that such undertaking and assets are not subject to any other security created pursuant to the Trust Deed.

Pursuant to the Trust Deed, if, for any reason, the purported assignment by way of security of, and/or the grant of first fixed charge over, the property, assets, rights and/or benefits described in subparagraphs (i) to (vii) (inclusive) above is found to be ineffective in respect of any such property, assets, rights and/or benefits (together, the **Affected Collateral**), the Issuer shall hold the benefit of the Affected Collateral and any sums received in respect thereof or any security interest, guarantee



or indemnity or undertaking of whatever nature given to secure such Affected Collateral (together, the **Trust Collateral**) on trust for the Trustee for the benefit of the Secured Parties and shall (i) account to the Trustee for or otherwise apply all sums received in respect of such Trust Collateral as the Trustee may direct (provided that, subject to these Conditions and the terms of the Collateral Management Agreement, if no Event of Default has occurred and is continuing, the Issuer shall be entitled to apply the benefit of such Trust Collateral and such sums in respect of such Trust Collateral received by it and held on trust under this clause without prior direction from the Trustee), (ii) exercise any rights it may have in respect of the Trust Collateral at the direction of the Trustee and (iii) at its own cost take such action and execute such documents as the Trustee may in its sole discretion require.

All deeds, documents, assignments, instruments, bonds, notes, negotiable instruments, papers and any other instruments comprising, evidencing, representing and/or transferring the Portfolio will be deposited with or held by or on behalf of the Account Bank until the security over such obligations is irrevocably discharged in accordance with the provisions of the Trust Deed. Pursuant to the terms of the Trust Deed, the Trustee is exempted from any liability in respect of any loss or theft or reduction in value of the Collateral, from any obligation to insure or monitor the insurance arrangements in respect of the Collateral and from any claim arising from the fact that the Collateral is held in a clearing system or in safe custody by a bank or other custodian or the beneficial interest therein is held pursuant to the Vendor Trust Deed by the Vendor Trustee. The Trustee has no responsibility for ensuring that the Account Bank or the Principal Paying Agent satisfies the Rating Requirement applicable to it or, in the event of its failure to satisfy such Rating Requirement, to procure the appointment of a replacement custodian, account bank, or principal paying agent. The Trustee has no responsibility for the adequacy or sufficiency of the security purported to be created over the Collateral, administration or management of the Portfolio by the Collateral Administrator or the performance by any other party of its duties under the Transaction Documents and is entitled to rely on the certificates or notices of any relevant party without further enquiry to liability conclusively. The Trust Deed also provides that the Trustee shall accept, without further investigation, requisition or objection, such right, benefit, title and interest as the Issuer may have in and to any of the Collateral and is not bound to make any investigation into the same or into the Collateral in any respect.

(b) ***Application of Proceeds upon Enforcement***

Any moneys received (the **Enforcement Proceeds**) by the Trustee upon enforcement of the security over the Collateral constituted by the Trust Deed shall be applied in the order set out below (the **Enforcement Priority of Payments**):

- (i) to the payment of the fees, costs, charges, expenses, liabilities and any other amount due and payable (including by way of indemnity) and incurred by the Trustee or any receiver in connection with the enforcement of security over the Collateral; and
- (ii) thereafter, in accordance with the Principal Proceeds Priority of Payments, provided however that any Administrative Expenses payable to any person other than a Secured Party shall be excluded.

For the avoidance of doubt, VAT comprised in any of the Administrative Expenses shall be paid as part of, and in the same priority as, the Administrative Expenses themselves and not as a tax owed by the Issuer.

(c) ***Limited Recourse***

The obligations of the Issuer to pay amounts due and payable in respect of the Notes and to the other Secured Parties at any time shall be limited to the proceeds available at such time to make such

payments in accordance with the Priorities of Payment. Notwithstanding any other provision of the Notes, the Trust Deed, any Transaction Document or otherwise, if the net proceeds of realisation of the security over the Collateral constituted by the Trust Deed, upon enforcement thereof in accordance with Condition 10 (*Enforcement*) or otherwise and the provisions of the Trust Deed are less than the aggregate amount payable in such circumstances by the Issuer in respect of the Notes and to the other Secured Parties (such negative amount being referred to herein as a **shortfall**), the obligations of the Issuer in respect of the Notes of each Class and its obligations to the other Secured Parties in such circumstances will be limited to such net proceeds, which shall be applied in accordance with the Priorities of Payment. In such circumstances, the Issuer will not be obliged to pay, and the other assets of the Issuer will not be available for payment of, such shortfall, which shortfall shall be borne by the Senior Noteholders and the Subordinated Noteholders, the Trustee and the other Secured Parties in accordance with the Priorities of Payment (applied in reverse order). The rights of the Secured Parties to receive any further amounts in respect of such obligations shall be extinguished and none of the Senior Noteholders, the Subordinated Noteholders, the Trustee or the other Secured Parties may take any further action to recover such amounts.

None of the Noteholders, the Trustee or any other Secured Party (nor any other person acting on behalf of any of them) shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganisation, arrangement, insolvency, examinership, winding-up or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligations of the Issuer relating to the Notes, the Trust Deed or otherwise owed to the Secured Parties, save for lodging a claim in the liquidation of the Issuer which is initiated by another non affiliated party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer but without limitation to the Trustee's powers under the Trust Deed to enforce or realise the security constituted thereby.

None of the Trustee, the Directors, the Initial Purchaser, the Collateral Manager, the Collateral Administrator, the Vendor, the Principal Paying Agent, the Calculation Agent, the Registrar, the Transfer Agent, or the Corporate Services Provider has any obligation to any Noteholder of any Class for payment of any amount by the Issuer in respect of the Notes of any Class. Further, none of the Noteholders, the Trustee or any other Secured Party shall have recourse against any of the Directors, the shareholders or officers of the Issuer in respect of any obligations, covenant or agreement entered into or made by the Issuer pursuant to the Conditions of the Notes, the Trust Deed or any Transaction Document to which the Issuer is a party.

(d) ***Acquisition and Relinquishment of Portfolio***

The Collateral Manager is required to manage the Portfolio and to act in specific circumstances in relation to the Portfolio on behalf of the Issuer pursuant to the terms of, and subject to the parameters set out in, the Collateral Management Agreement and the Vendor Trust Deed and subject to the overall supervision and control of the Issuer.

The duties of the Collateral Manager with respect to the Portfolio include (amongst others):

- (i) procuring the acquisition of the beneficial interest in Collateral Debt Obligations and their Related Security by the Issuer from the Vendor, pursuant to the provisions of the Vendor Trust Deed and Collateral Management Agreement;
- (ii) the investment of amounts standing to the credit of the Accounts in Eligible Investments; and
- (iii) procuring the relinquishment by the Issuer of the beneficial interest in certain of the Collateral Debt Obligations and their Related Security and the reinvestment of Principal

Proceeds received in Substitute Collateral Debt Obligations in accordance with the Vendor Trust Deed and the criteria set out in the Collateral Management Agreement.

The Collateral Manager is required to monitor the Collateral Debt Obligations with a view to seeking to determine whether any Collateral Debt Obligation has become a Defaulted Obligation or Credit Impaired Obligation, provided that, if it fails to do so, except by reason of acts constituting bad faith, wilful misconduct or negligence in the performance of its obligations, no Noteholder shall have any recourse against the Collateral Manager and, in any event, against the Issuer, the Collateral Manager and any other Agent or the Trustee for any loss suffered as a result of such failure.

Under the Collateral Management Agreement, the Noteholders have certain rights in respect of the removal of the Collateral Manager and appointment of a replacement Collateral Manager.

(e) ***Exercise of Rights in Respect of the Portfolio***

Pursuant to the Collateral Management Agreement, the Issuer authorises the Collateral Manager, prior to enforcement of the security over the Collateral and subject to the overall supervision and control of the Issuer, to exercise all rights and remedies of the Issuer in its capacity as the person beneficially entitled to the Portfolio.

(f) ***Information Regarding the Collateral***

The Issuer shall procure that a copy of each Monthly Report and any Payment Date Report is made available to Noteholders and/or any other person via the Collateral Administrator's internet website currently located at <https://usbtrustgateway.usbank.com>. It is not intended that the Monthly Report or Payment Date Report will be made available in any other format, save in certain limited circumstances with the Collateral Administrator's agreement. The Collateral Administrator's website does not form part of the information provided for the purposes of these Conditions and disclaimers may be posted with respect to the information posted thereon. Registration may be required for access to such website and persons wishing to access the website will be required to certify that they are Noteholders or a Secured Party. The Issuer authorises each Noteholder to provide copies of any Payment Date Reports received by it to any person with an economic exposure, to the Notes directly or indirectly through or from such Noteholder but no additional liability shall attach to any of the Issuer, the Trustee, the Collateral Manager or the Collateral Administrator as a result of a Noteholder so providing such copies.

In the event that:

- (a) the Notes become subject to additional reporting requirements as a result of the Securitisation Regulation coming into force; and
- (b) the Securitisation Regulation permits the Issuer or any other person or category of persons specified in such regulation to be designated the person that makes available information required to be made available pursuant to such regulation,

the Issuer hereby agrees that, if notified by the Collateral Manager, it will accept such designation and will assume all costs of complying with the additional reporting requirements under the Simple Transparent Standardised Regulation (**STS Regulation**) (including the reasonable costs of all parties incurred amending the Transaction Documents for this purpose).

#### **4 COVENANTS OF AND RESTRICTIONS ON THE ISSUER**

(a) ***Covenants of the Issuer***

Unless otherwise provided and as more fully described in the Trust Deed, the Issuer covenants to the Trustee on behalf of the holders of the Notes that, for so long as any Note remains Outstanding, the Issuer will:

- (i) take such steps as are reasonable to enforce all its rights:
  - (A) under the Trust Deed;
  - (B) in respect of the Collateral;
  - (C) under the Agency Agreement;
  - (D) under the Collateral Management Agreement;
  - (E) under the Corporate Services Agreement;
  - (F) under the Vendor Trust Deed; and
  - (G) under the Vendor Power of Attorney;
- (ii) comply with its obligations under the Notes, the Trust Deed, the Agency Agreement, the Collateral Management Agreement and each other Transaction Document to which it is a party;
- (iii) keep proper books of account in accordance with the laws of England and Wales (such books to be maintained at the Issuer's registered office) and allow the Trustee and any Person appointed by the Trustee, to whom the Issuer shall have no reasonable objection, access to the books of account of the Issuer at all reasonable times during normal business hours and shall send to any such person on request, or if so stipulated, at specific intervals, copies thereof and other supporting documents relating thereto as such Person may specify;
- (iv) at all times maintain its tax residence inside the United Kingdom and will not establish a branch, agency (other than the appointment of the Collateral Manager and the Collateral Administrator pursuant to the Collateral Management Agreement, the appointment of the Principal Paying Agent, the Calculation Agent and the Account Bank pursuant to the Agency Agreement) or place of business or register as a company in any jurisdiction other than the United Kingdom;
- (v) pay its debts generally as they fall due;
- (vi) do all such things as are necessary to maintain its corporate existence and at all times maintain at least one independent director on its board of directors;
- (vii) do all such things as are necessary to maintain its ability to rely on the exemption from registration as an investment company provided by Section 3(c)(7) of the Investment Company Act or any other laws or regulations which may require registration or other requirements;
- (viii) use its best endeavours to obtain prior to the first Payment Date and maintain in respect of the outstanding Notes of each Class a listing on the Global Exchange Market of Euronext Dublin;
- (ix) supply such information to the Rating Agency as it may reasonably request;

- (x) at all times use all reasonable efforts to minimise taxes and any other costs arising in connection with its activities;
- (xi) not engage in a trade or business in the United States or otherwise become subject to U.S. federal income tax on a net income basis; and
- (xii) ensure that its "centre of main interests" (within the meaning of Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings) and its tax residence is and remains at all times in England.

(b) ***Restrictions on the Issuer***

As more fully described in the Trust Deed, for so long as any of the Notes remain Outstanding, save as contemplated in the Transaction Documents, the Issuer covenants to the holders of such Outstanding Notes that (to the extent applicable) it will not, without the prior written consent of the Trustee:

- (i) sell, factor, discount, transfer, assign, lend or otherwise dispose of any of its right, title or interest in or to the Collateral, other than in accordance with the Collateral Management Agreement, nor will it create or permit to be outstanding any mortgage, pledge, lien, charge, encumbrance or other security interest over the Collateral except in accordance with the Trust Deed and these Conditions;
- (ii) sell, factor, discount, transfer, assign, lend or otherwise dispose of, nor create or permit to be outstanding any mortgage, pledge, lien, charge, encumbrance or other security interest over, any of its other property or assets or any part thereof or interest therein other than in accordance with the Trust Deed or these Conditions;
- (iii) engage in any business other than:
  - (A) acquiring and holding any property, assets or rights that are capable of being effectively charged in favour of the Trustee or that are capable of being held on trust by the Issuer in favour of the Trustee under the Trust Deed;
  - (B) issuing and performing its obligations under the Notes;
  - (C) entering into, exercising its rights and performing its obligations under or enforcing its rights under the Trust Deed, the Agency Agreement, the Collateral Management Agreement and each other Transaction Document to which it is a party, as applicable;
  - (D) performing any act incidental to or necessary in connection with any of the above;
- (iv) amend any term or condition of the Notes of any Class (save in accordance with these Conditions and the Trust Deed);
- (v) agree to any amendment to any provision of, or grant any waiver or consent under the Trust Deed, the Agency Agreement, the Collateral Management Agreement, the Corporate Services Agreement, the Vendor Trust Deed or any other Transaction Document to which it is a party;
- (vi) incur any indebtedness for borrowed money, other than in respect of:

- (A) the Notes (including the issuance of additional Notes pursuant to Condition 16 (*Additional Issuances*)) or any document entered into in connection with the Notes or the sale thereof (including the issuance of additional Notes pursuant to Condition 16 (*Additional Issuances*)); or
- (B) as otherwise permitted pursuant to the Trust Deed;
- (vii) amend its constitutional documents;
- (viii) have any subsidiary or any subsidiary undertaking (as defined in the Companies Act 1985 and the Companies Act 2006 (as applicable));
- (ix) establish any offices, branches or any other "establishment" (as that term is defined in the EU Insolvency Regulation ) outside of England and Wales;
- (x) have any employees (for the avoidance of doubt the Directors of the Issuer do not constitute employees);
- (xi) enter into any reconstruction, amalgamation, merger or consolidation;
- (xii) convey or transfer all or a substantial part of its properties or assets (in one or a series of transactions) to any person, otherwise than as contemplated in these Conditions;
- (xiii) issue any shares (other than such shares as are in issue as at the Issue Date) nor redeem or purchase any of its issued share capital;
- (xiv) enter into any material agreement or contract with any Person (other than an agreement on customary market terms, which terms do not contain the provisions below) unless such contract or agreement contains "limited recourse" and "non-petition" provisions similar to those included in the Trust Deed, such Person shall not take any action or institute any proceeding against the Issuer under any insolvency law applicable to the Issuer or which would reasonably be likely to cause the Issuer to be subject to or seek protection of, any such insolvency law; provided that such Person shall be permitted to become a party to and to participate in any proceeding or action under any such insolvency law that is initiated by any other Person other than one of its Affiliates;
- (xv) otherwise than as contemplated in the Transaction Documents, release from or terminate the appointment of the Account Bank under the Agency Agreement, the Collateral Manager or the Collateral Administrator under the Collateral Management Agreement (including, in each case, any transactions entered into thereunder) or, in each case, from any executory obligation thereunder;
- (xvi) take any actions that would cause it to become required to register as an investment company under the Investment Company Act; or
- (xvii) enter into any lease in respect of, or own, premises.

## **5 INTEREST**

### **(a) *Payment Dates***

#### **(i) *Senior Notes***

The Senior Notes bear interest (as defined in Condition 5(c) (*Floating Rate of Interest*)) from and including the Issue Date and such interest will be payable quarterly in arrear on each Payment Date.

(ii) **Subordinated Notes**

Payments will be made on the Subordinated Notes to the extent funds are available in accordance with Condition 2(d) (*Application of Interest Proceeds*) on each Payment Date.

Notwithstanding any other provisions of the Conditions or the Trust Deed, all references herein and therein to the Subordinated Notes being redeemed in full or at their Principal Amount Outstanding shall be deemed to be amended to the extent required to ensure that a minimum of GBP 1 principal amount of each Subordinated Note remains Outstanding at all times and any amounts which are to be applied in redemption of any Subordinated Notes which are in excess of the Principal Amount Outstanding thereof minus GBP 1, shall constitute interest payable in respect of such Subordinated Notes and shall not be applied in redemption of the Principal Amount Outstanding thereof, provided always however that such GBP 1 principal shall no longer remain Outstanding and the Subordinated Notes shall be redeemed in full on the date on which all of the Collateral securing the Notes has been realised and is to be finally distributed to the Noteholders.

(b) **Interest Accrual**

(i) **Senior Notes**

Each Senior Note will cease to bear interest from but excluding the due date for redemption unless, in each case, payment of principal is improperly withheld, refused or default is otherwise made in payment thereof. In such event, it shall continue to bear interest in accordance with this Condition 5 (*Interest*) (both before and after judgment) until but excluding whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day falling seven days after the Trustee or Principal Paying Agent notifying the Noteholders of such Class of Notes in accordance with Condition 15 (*Notices*) of receipt of all sums due in respect of all the Notes of such Class up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

(ii) **Subordinated Notes**

Payments on the Subordinated Notes will cease to be payable in respect of each Subordinated Note upon, but excluding, the date that all of the Collateral has been realised and no Interest Proceeds or Principal Proceeds remain available for distribution in accordance with the Priorities of Payment. Interest on the Subordinated Notes shall be payable in the currency of the Interest Proceeds available for distribution pursuant to the Priorities of Payment.

(c) **Floating Rate of Interest**

(i) **Class A1 Rate of Interest**

The rate of interest in respect of the Class A1 Senior Notes from time to time (the **Class A1 Floating Rate of Interest**) will be determined by the Calculation Agent on the following basis:

- (A) On each relevant Interest Determination Date, the Calculation Agent will determine the offered rate for three-month Euro deposits as at 11.00 am (Brussels time) on the Interest Determination Date in question. Such offered rate will be that which appears on the relevant display designated as Bloomberg Page EUR003M (or such other page or service as may replace them for the purpose of displaying EURIBOR rates). The Class A1 Floating Rate of Interest applicable to the Class A1 Senior Notes for such Accrual Period shall be the aggregate of the Applicable Margin and the applicable rate which so appears, all as calculated and determined by the Calculation Agent.
- (B) If the offered rate so appearing is replaced by the corresponding rates of more than one bank then subparagraph (A) above shall be applied, with any necessary consequential changes, to the arithmetic mean (rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with 0.000005 being rounded upwards)) of the rates (being at least two) which so appear, as determined by the Calculation Agent as instructed by the Collateral Manager.
- (C) If for any other reason such offered rate does not so appear, or if the relevant page is unavailable, the Calculation Agent will request each of the four major deposit-taking banks in the Euro zone interbank market acting in each case through its principal Euro zone office (selected by the Collateral Manager acting on behalf of the Issuer) (the **Euro Reference Banks**) to provide the Calculation Agent with its offered quotation to leading banks for Euro deposits in the Euro zone interbank market, for a period equal to the relevant Accrual Period as at 11:00 a.m. (Brussels time) on the Interest Determination Date in question. The Class A1 Floating Rate of Interest applicable to the Class A1 Senior Notes for the applicable Accrual Period shall be the aggregate of the Applicable Margin and the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 being rounded upwards)) of such quotations (or of such of them, being at least two, as are so provided), all as calculated and determined by the Calculation Agent.
- (D) If on any relevant Interest Determination Date the Euro Reference Banks fails to provide such quotation, the Class A1 Floating Rate of Interest applicable to the Class A1 Senior Notes for the next Accrual Period shall be the rate per annum which the Collateral Manager determines to be either the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 being rounded upwards)) of the rates quoted by major deposit-taking banks in the Euro zone, selected by the Collateral Manager or a market participant on behalf of the Collateral Manager (but with the Collateral Manager remaining responsible in respect of the seeking of such rates, notwithstanding such delegation), at approximately 11:00 a.m. (Brussels time) on the relevant Interest Determination Date for loans in Euro to leading European banks, for a period equal to the relevant Accrual Period plus the Applicable Margin.

(ii) ***Class A2 Rate of Interest***

The rate of interest in respect of the Class A2 Senior Notes from time to time (the **Class A2 Floating Rate of Interest**) will be determined by the Calculation Agent on the following basis:

- (A) On each relevant Interest Determination Date, the Calculation Agent will determine the offered rate for three-month U.S. Dollar deposits as at 11.55 am (London time) on the Interest Determination Date in question. Such offered rate will be that which



appears on the relevant display designated as Bloomberg Page US0003M (or such other page or service as may replace them for the purpose of displaying LIBOR rates). The Class A2 Floating Rate of Interest applicable to the Class A2 Senior Notes for such Accrual Period shall be the aggregate of the Applicable Margin and the applicable rate which so appears, all as calculated and determined by the Calculation Agent.

- (B) If the offered rate so appearing is replaced by the corresponding rates of more than one bank then subparagraph (A) above shall be applied, with any necessary consequential changes, to the arithmetic mean (rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with 0.000005 being rounded upwards)) of the rates (being at least two) which so appear, as determined by the Calculation Agent.
- (C) If for any other reason such offered rate does not so appear, or if the relevant page is unavailable, the Calculation Agent will determine the offered rate by reference to an equivalent page (as notified to it by the Collateral Manager), or request each of four major deposit-taking banks in the Euro zone interbank market acting in each case through its principal London office (selected by the Collateral Manager acting on behalf of the Issuer) (the **London Reference Banks** and together with the Euro Reference Banks, the **Reference Banks**) to provide the Calculation Agent with its offered quotation to leading banks for U.S. Dollar deposits in the London interbank market, for a period equal to the relevant Accrual Period as at 11:55 a.m. (London time) on the Interest Determination Date in question. The Class A2 Floating Rate of Interest applicable to the Class A2 Senior Notes for the applicable Accrual Period shall be the aggregate of the Applicable Margin and the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 being rounded upwards)) of such quotations (or of such of them, being at least two, as are so provided), all as calculated and determined by the Calculation Agent.
- (D) If on any relevant Interest Determination Date the London Reference Banks fails to provide such quotation, the Class A2 Floating Rate of Interest applicable to the Class A2 Senior Notes for the next Accrual Period shall be the rate per annum which the Collateral Manager determines to be either the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 being rounded upwards)) of the rates quoted by major deposit-taking banks in London, selected by the Collateral Manager or a market participant on behalf of the Collateral Manager (but with the Collateral Manager remaining responsible in respect of the seeking of such rates, notwithstanding such delegation), at approximately 11:55 a.m. (London time) on the relevant Interest Determination Date for loans in U.S. Dollars to leading banks, for a period equal to the relevant Accrual Period plus the Applicable Margin.

(iii) ***Class A3 Rate of Interest***

The rate of interest in respect of the Class A3 Senior Notes from time to time (the **Class A3 Floating Rate of Interest**) will be determined by the Calculation Agent on the following basis:

- (A) On each relevant Interest Determination Date, the Calculation Agent will determine the offered rate for three-month Sterling deposits as at 11.55 am (London time) on the Interest Determination Date in question. Such offered rate will be that which appears on the relevant display designated as Bloomberg Page BP0003M (or such

other page or service as may replace them for the purpose of displaying LIBOR rates). The Class A3 Floating Rate of Interest applicable to the Class A3 Senior Notes for such Accrual Period shall be the aggregate of the Applicable Margin and the applicable rate which so appears, all as calculated and determined by the Calculation Agent.

- (B) If the offered rate so appearing is replaced by the corresponding rates of more than one bank then subparagraph (A) above shall be applied, with any necessary consequential changes, to the arithmetic mean (rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with 0.000005 being rounded upwards)) of the rates (being at least two) which so appear, as determined by the Calculation Agent.
- (C) If for any other reason such offered rate does not so appear, or if the relevant page is unavailable, the Calculation Agent will request each of four London Reference Banks to provide the Calculation Agent with its offered quotation to leading banks for Sterling deposits in the London interbank market, for a period equal to the relevant Accrual Period as at 11:55 a.m. (London time) on the Interest Determination Date in question. The Class A3 Floating Rate of Interest applicable to the Class A3 Senior Notes for the applicable Accrual Period shall be the aggregate of the Applicable Margin and the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 being rounded upwards)) of such quotations (or of such of them, being at least two, as are so provided), all as calculated and determined by the Calculation Agent.
- (D) If on any relevant Interest Determination Date the London Reference Banks fail to provide such quotation, the Class A3 Floating Rate of Interest applicable to the Class A3 Senior Notes for the next Accrual Period shall be the rate per annum which the Collateral Manager determines to be either the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 being rounded upwards)) of the rates quoted by major deposit-taking banks in London, selected by the Collateral Manager or a market participant on behalf of the Collateral Manager (but with the Collateral Manager remaining responsible in respect of the seeking of such rates, notwithstanding such delegation), at approximately 11:55 a.m. (London time) on the relevant Interest Determination Date for loans in Sterling to leading banks, for a period equal to the relevant Accrual Period plus the Applicable Margin.

(iv) ***Determination of Floating Rate of Interest and Calculation of Interest Amount***

The Calculation Agent will, as soon as practicable after 11.00 am (Brussels time) or 11:55 a.m. (London time), as applicable) on each relevant Interest Determination Date, but in no event later than the following Payment Date after such date, determine the Floating Rate of Interest applicable to the relevant Class of Senior Notes and calculate the interest amount payable in respect of original principal amounts equal to the Authorised Integral Amount for the relevant Accrual Period. The amount of interest payable in respect of each Authorised Integral Amount applicable to (i) the Class A1 Senior Notes (the **Class A1 Interest Amount**), (ii) the Class A2 Senior Notes (the **Class A2 Interest Amount**) and (iii) the Class A3 Senior Notes (the **Class A3 Interest Amount** and, together with the Class A1 Interest Amount and the Class A2 Interest Amount, the **Interest Amount**) shall be calculated by applying the applicable Floating Rate of Interest to an amount equal to the Principal Amount Outstanding of such Class of Senior Notes as at the Determination Date falling immediately prior to the end of such Accrual Period multiplying the product by the actual number of days

elapsed in the Accrual Period concerned, divided by (i) in respect of the Class A1 Senior Notes and the Class A2 Senior Notes, 360 and (iii) in respect of the Class A3 Senior

Notes, 365, in each case rounding the resultant figure to the nearest 0.01 (0.005 being rounded upwards) and multiplying the product thereof by a percentage equal to such Authorised Integral Amount, as applicable, divided by the aggregate original principal amount of such Class of Senior Notes on the Issue Date.

(v) ***Reference Banks and Calculation Agent***

The Issuer will procure that, so long as any Senior Note remains Outstanding:

- (A) a Calculation Agent shall be appointed and maintained for the purposes of determining the Floating Rate of Interest and the Interest Amount payable in respect of each Class of the Senior Notes; and
- (B) in the event that the Floating Rate of Interest applicable to any Class of Senior Notes is to be calculated by reference to rates quoted by Reference Banks pursuant to Condition 5(c)(i) (*Class A1 Rate of Interest*), that the number of Reference Banks required pursuant to such Condition are appointed.

If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent hereunder or fails duly to establish the Floating Rate of Interest applicable to any Class of the Senior Notes for any Accrual Period, or to calculate the Interest Amount applicable to any Class of the Senior Notes, the Issuer shall (with the prior approval of the Trustee) appoint some other leading bank to act as such in its place. The Calculation Agent may not resign its duties without a successor having been so appointed.

(d) ***Interest on the Subordinated Notes***

Payments will be made on the Subordinated Notes to the extent funds are available in accordance with Condition 2(d) (*Application of Interest Proceeds*)).

Interest on the Subordinated Notes shall be payable in the currency of the Interest Proceeds available for distribution pursuant to the Priorities of Payment.

(e) ***Publication of Rates of Interest and Interest Amounts***

The Calculation Agent will, at the cost of the Issuer, cause the Floating Rate of Interest and the Interest Amount applicable to each Class of Senior Notes for each Accrual Period and Payment Date and the Principal Amount Outstanding of such Class of Senior Notes as of the applicable Payment Date to be notified to the Issuer, the Registrar, the Principal Paying Agent, the Trustee, the other Agents, the Collateral Manager and Euronext Dublin (for as long as such Notes are listed on Global Exchange Market of Euronext Dublin) as soon as possible after their determination but in no event later than the fourth Business Day thereafter, and the Principal Paying Agent shall cause each such rate, amount and date to be notified to the Noteholders of each Class in accordance with Condition 15 (*Notices*) as soon as possible following notification to the Principal Paying Agent but in no event later than the third Business Day after such notification.

The Interest Amounts and Payment Date in respect of each Class of Notes, so published, may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Accrual Period or a reduction or increase in the amount of Interest Proceeds and/or Principal Proceeds. If any of the Notes become due and payable under Condition 9 (*Events of Default*),

interest shall nevertheless continue to be calculated by the Calculation Agent but no publication of the applicable Interest Amounts shall be made unless the Trustee so agrees.

(f) ***Notifications, etc to be Final***

All notifications, opinions, determinations, certificates, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5 (*Interest*), whether by the Reference Banks, the Calculation Agent or the Trustee, will (in the absence of manifest error) be binding on the Issuer, the Reference Banks, the London Reference Banks, the Calculation Agent, the Trustee, the Principal Paying Agent and all Noteholders and no liability to the Issuer or the Noteholders of any Class shall attach to the Reference Banks, the Calculation Agent or the Trustee in connection with the exercise or non-exercise by them of their powers, duties and discretions under this Condition 5 (*Interest*).

**6 REDEMPTION AND PURCHASE**

(a) ***Final Redemption***

Save to the extent previously redeemed or purchased and cancelled, the Notes of each Class will be redeemed on the Maturity Date of such Notes. In the case of a redemption pursuant to this Condition 6(a) (*Final Redemption*), the Senior Notes will be redeemed at their Redemption Price and the Subordinated Notes will be redeemed pursuant to subparagraph (H) of the Principal Proceeds Priority of Payments. Notes may not be redeemed or purchased other than in accordance with this Condition 6 (*Redemption and Purchase*).

Notwithstanding any other provisions of the Conditions or the Trust Deed, all references herein and therein to any of the Subordinated Notes being redeemed in full or at their Principal Amount Outstanding shall be deemed to be amended to the extent required to ensure that GBP 1 principal amount of such Subordinated Notes remains Outstanding at all times and any amounts which are to be applied in redemption of such Notes pursuant hereto which are in excess of the Principal Amount Outstanding thereof minus GBP 1, shall constitute interest payable in respect of such Notes and shall not be applied in redemption of the Principal Amount Outstanding thereof, provided always however that such GBP 1 shall no longer remain outstanding and such Subordinated Notes shall be redeemed in full on the date on which all of the Collateral securing the Notes has been realised and is to be finally distributed to the Noteholders.

Notwithstanding anything else in this Condition 6 (*Redemption and Purchase*), where a right of optional redemption is to be exercised by way of an Ordinary Resolution or an Extraordinary Resolution of a meeting of the Subordinated Noteholders, no Redemption Notices shall be required to be issued in connection therewith.

(b) ***Redemption at the Option of the Subordinated Noteholders***

(i) ***Redemption at the Option of the Subordinated Noteholders***

Subject to the provisions of this Condition 6(b) (*Redemption at the Option of the Subordinated Noteholders*), (i) any or all of, the Class A1 Senior Notes (with the ISIN XS1846706585), the Class A2 Senior Notes (with the ISIN XS1846709175) and the Class A3 Senior Notes (with the ISIN XS1846709258) and/or following a redemption in full of the Senior Notes (ii) the Subordinated Notes, shall be redeemable by the Issuer, in whole but not in part, at the applicable Redemption Prices, from the proceeds of liquidation or realisation of the Collateral on any Business Day by the Subordinated Noteholders acting by Extraordinary Resolution (with duly completed Redemption Notices delivered not less than 10 Business Days prior to the applicable Redemption Date) in accordance with the

procedures described in Condition 6(b)(ii) (*Terms and Conditions of Redemption at the Option of the Subordinated Noteholders*) below and subject to the establishment of a reasonable reserve as determined by the Issuer and the Trustee in consultation with the Collateral Manager and the Collateral Administrator for all administrative and other fees and expenses payable in such circumstances under the Priorities of Payment prior to the payment of principal on the Notes of the relevant Class or Classes of Notes. The Issuer shall procure that notice of such redemption, including the applicable Redemption Date, shall be given to the Trustee and the Noteholders in accordance with Condition 15 (*Notices*) and to the Rating Agency. The Trustee shall have no liability to any person in connection with the establishment of any reserve made pursuant to this Condition 6(b)(i) (*Redemption at the Option of the Subordinated Noteholders*).

For the avoidance of doubt a redemption pursuant to this Condition 6(b)(i) (*Redemption at the Option of the Subordinated Noteholders*) may be effected in respect of (i) Class A1 Senior Notes (with the ISIN XS1846706585) in whole as a Class of Notes (ii) the Class A2 Senior Notes (with the ISIN XS1846709175) in whole as a Class of Notes, (iii) the Class A3 Senior Notes (with the ISIN XS1846709258) in whole as a Class of Notes, (iv) the Senior Notes together in whole or (v) the Senior Notes and the Subordinated Notes together and in each case in whole.

The Subordinated Noteholders' and Senior Noteholders' option in Condition 6(f) (*Redemption following Note Tax Event*) may be exercised by the holder of any Global Certificate representing Subordinated Notes or the Notes of the Senior Noteholders giving notice to the Principal Paying Agent of the principal amount of Subordinated Notes or Notes of the Senior Noteholders in respect of which the option is exercised and presenting such Global Certificate for endorsement of exercise within the time limits specified in Condition 6(f) (*Redemption following Note Tax Event*).

(ii) ***Terms and Conditions of Redemption at the Option of the Subordinated Noteholders***

Following receipt of notice from the Issuer or, as the case may be, of confirmation from the Principal Paying Agent of receipt of a direction from the requisite percentage of Subordinated Noteholders to exercise any right of optional redemption pursuant to this Condition 6(b)(ii), the Collateral Administrator shall, as soon as practicable, and in any event not later than seven Business Days prior to the Redemption Date (the **Redemption Determination Date**) calculate the Redemption Threshold Amount.

The relevant Class or Classes of Notes shall not be optionally redeemed pursuant to Condition 6(b)(i) (*Redemption at the Option of the Subordinated Noteholders*) above unless the liquidation proceeds of the Portfolio are held by or on behalf of the Issuer in immediately available funds (in the form of cash held by the Account Bank in the same currencies as the currencies of the Portfolio, with cash held in each such currency in the same proportion as in the Portfolio) not later than one Business Day immediately prior to the scheduled Redemption Date, and such funds are at least equal to the Redemption Threshold Amount.

In the event that Barclays Bank PLC and/or any of its Affiliates are Subordinated Noteholders directing the optional redemption and an event pursuant to any of paragraphs (a), (d), (e) or (g) of the definition of "Cause" at Clause 9.2 (*Removal for Cause*) of the Collateral Management Agreement has occurred and is continuing with respect to Barclays Bank PLC or such Affiliates, an optional redemption pursuant to this Condition 6(b) (*Redemption at the Option of the Subordinated Noteholders*) may be effected in respect of the Class A1 Senior Notes (with the ISIN XS1846706585), the Class A2 Senior Notes (with the ISIN XS1846709175) or the Class A3 Senior Notes (with the ISIN XS1846709258) individually.

The Collateral Manager shall use reasonable endeavours to arrange such liquidation in a manner which:

- (A) ensures that the liquidation proceeds are not received by or on behalf of the Issuer earlier than five Business Days prior to the Redemption Date; and
- (B) provides that each sale pursuant to the sale agreements in respect of each Collateral Debt Obligations is subject to the condition that the Issuer receives liquidation proceeds at least equal to the Redemption Threshold Amount.

(iii) ***Revocation of the notice of redemption***

If liquidation proceeds at least equal to the Redemption Threshold Amount are not held in immediately available funds (in the form of cash held by the Account Bank in the same currencies as the currencies of the Portfolio, with cash held in each such currency in the same proportion as in the Portfolio) by or on behalf of the Issuer no later than 10 a.m. (London time) on the day falling one Business Day prior to the Redemption Date specified in the redemption notice delivered by the Issuer in accordance with Condition 6(b)(i) (*Redemption at the Option of the Subordinated Noteholders*), such redemption notice shall be deemed to be revoked by the Issuer and the Senior Notes will continue to bear interest from and including the immediately preceding Payment Date subject to and in accordance with Condition 5 (*Interest*) and interest will continue to be paid in respect of the Subordinated Notes subject to and in accordance with Condition 5(d) (*Interest on the Subordinated Notes*) and the Notes will be redeemed on the Maturity Date as if such notice of redemption had never been given. For the avoidance of doubt, if the redemption notice is deemed to be revoked pursuant to this subparagraph (iii), the Issuer shall be deemed not to have failed to pay the applicable redemption amounts on such Redemption Date specified in such redemption notice, the Portfolio shall not be deemed to have been liquidated and any liquidation proceeds shall be returned as a result of the sale pursuant to the sale agreements in respect of the Collateral Debt Obligations being subject to the condition that the Issuer receives liquidation proceeds from the entire Portfolio at least equal to the Redemption Threshold Amount. The Issuer shall notify the Trustee, the Paying Agent and the Noteholders as soon as reasonably practicable of the revocation of such notice.

(iv) ***Mechanics of Redemption***

Pursuant to the Collateral Management Agreement, the Issuer, in consultation with the Collateral Manager directs and authorises that the Collateral Administrator shall:

- (i) determine the aggregate principal amount of each Class of Notes Outstanding which is to be redeemed in whole on the relevant Redemption Date;
- (ii) calculate the amount of interest payable in respect of each Class of Notes to be redeemed;
- (iii) calculate the Redemption Prices of the Notes;
- (iv) calculate the Redemption Threshold Amount for each Class of Notes; and
- (v) calculate amounts payable on the applicable Redemption Date pursuant to the Priorities of Payment,

and by no later than the Redemption Determination Date, notify the Issuer, the Trustee, the Collateral Manager, the Registrar and the Principal Paying Agent, whereupon the Principal

Paying Agent shall notify the Noteholders (in accordance with Condition 15 (*Notices*)) of such amounts.

Any exercise of a right of optional redemption pursuant to this Condition shall be effected by delivery to the Principal Paying Agent by the requisite amount of Subordinated Noteholders of evidence of the Notes held thereby together with duly completed Redemption Notices not less than 10 Business Days prior to the applicable Redemption Date. No Redemption Notice (other than a Redemption Notice automatically revoked in accordance with Condition 6(b)(iii) (*Revocation of the notice of redemption*)) so delivered may be withdrawn without the prior consent of the Issuer. The Principal Paying Agent shall notify each of the Issuer, the Trustee, the Collateral Manager, the Collateral Administrator, the Registrar and the Vendor of any Redemption Notice received by it.

The Issuer shall notify the Trustee, the Collateral Manager, the Collateral Administrator, the Vendor, the Vendor Trustee, the Principal Paying Agent, the Registrar and the Noteholders, upon satisfaction of the conditions set out in Condition 6(b)(ii) (*Terms and Conditions of Redemption at the Option of the Subordinated Noteholders*) above and the Collateral Manager shall arrange for liquidation and/or realisation of the Portfolio on behalf of the Issuer in accordance with the Collateral Management Agreement. The Issuer shall deposit, or cause to be deposited, the funds required for an optional redemption of the Notes in accordance with Condition 6(b) (*Redemption at the Option of the Subordinated Noteholders*) in the relevant Payment Account on or before the Business Day prior to the applicable Redemption Date. Principal Proceeds and Interest Proceeds received in connection with such redemption shall be payable in accordance with Condition 2(c) (*Priorities of Payment*) applied as if the Reinvestment Period had expired.

(c) ***Redemption upon Breach of Senior Par Value Test***

If the Senior Par Value Test is not met on any Determination Date following the Acquisition Date, Interest Proceeds and thereafter Principal Proceeds will be applied in redemption of the Senior Notes on the related Payment Date in accordance with and subject to the Priorities of Payment (including payment of all senior ranking amounts) in each case, until such Senior Par Value Test is met after such redemption.

(d) ***Special Redemption***

Principal payments on the Notes shall be made in accordance with the Principal Proceeds Priority of Payments upon the recommendation of the Collateral Manager (acting on behalf of the Issuer) if, at any time during the Reinvestment Period, the Collateral Manager (acting on behalf of the Issuer) notifies the Trustee, the Collateral Administrator, the Registrar and the Principal Paying Agent that it is unable, having used reasonable efforts, to identify additional Collateral Debt Obligations that are deemed appropriate upon the recommendation of the Collateral Manager (acting on behalf of the Issuer) which meet the Eligibility Criteria or, to the extent applicable, the Reinvestment Criteria, in sufficient amounts to permit the investment or reinvestment of all or a portion of the funds then in the Principal Account that are to be invested in additional Collateral Debt Obligations and has so notified the Trustee (a **Special Redemption**). On the first Payment Date following the Due Period in which such notice is given (a **Special Redemption Date**), the funds in the Principal Account representing Principal Proceeds which cannot be reinvested in additional Collateral Debt Obligations or Substitute Collateral Debt Obligations will be applied in accordance with the Principal Proceeds Priorities of Payment to redeem a relevant portion of the Senior Notes. Notice of payments pursuant to this Condition 6(d) (*Special Redemption*) shall be given in accordance with Condition 15 (*Notices*) not less than three Business Days prior to the applicable Special Redemption Date to each Noteholder affected thereby and to the Rating Agency. For the avoidance of doubt, the exercise of a Special Redemption shall be upon the recommendation of the Collateral Manager (acting on behalf

of the Issuer) and the Collateral Manager shall be under no obligation to, or have any responsibility for, any Noteholder or any other person for the exercise or non-exercise (as applicable) of such Special Redemption.

(e) ***Redemption Following Expiry of the Reinvestment Period***

Following expiry of the Reinvestment Period, the Issuer shall, on each Payment Date occurring thereafter, apply Principal Proceeds transferred to the relevant Payment Account immediately prior to the related Payment Date in redemption of the Notes at their applicable Redemption Prices in accordance with the Priorities of Payment.

(f) ***Redemption following Note Tax Event***

Upon the occurrence of a Note Tax Event, the Issuer shall, subject to and in accordance with the terms of the Trust Deed, use all reasonable efforts to cure that Note Tax Event (including by changing the territory in which it is resident for tax purposes to another jurisdiction which, at the time of such change, would not give rise to a Note Tax Event and/or to arrange a substitution of a company as principal obligor under the Notes in accordance with Condition 8 (Taxation) and the Trust Deed), provided that if the Issuer or the Collateral Manager (on behalf of the Issuer) determines that the Issuer cannot cure the Note Tax Event without an adverse tax effect on the Issuer, the Portfolio or any of the Transaction Documents the Issuer shall be under no obligation to do so. Upon the earlier of (a) the date upon which the Issuer notifies (or procures the notification of) the Noteholders (pursuant to Condition 15 (Notices)) that it is not able to, or shall not, cure the Note Tax Event and (b) the date which is 90 days from the date upon which the Issuer first becomes aware of such Note Tax Event (provided that such 90 day period shall be extended by a further 90 days in the event that during the former period the Issuer has notified (or procured the notification of) the Noteholders (pursuant to Condition 15 (Notices)) that, based on advice received by it, it expects that it shall be able to cure the Note Tax Event by the end of the latter 90 day period), the Senior Noteholders or the Subordinated Noteholders, in each case, acting by Extraordinary Resolution may elect that the Notes of each Class are redeemed, in whole but not in part, on any Payment Date thereafter, at their respective Redemption Prices in accordance with the Principal Proceeds Priority of Payments applied as if the Reinvestment Period had expired, in which case the Issuer shall so redeem the Notes on such terms, provided that such Note Tax Event would affect payment of principal or interest in respect of the Senior Notes or, as the case may be, the Subordinated Notes on such Payment Date; provided further that such redemption of the Notes, whether pursuant to the exercise of such option by the Senior Noteholders or the Subordinated Noteholders, shall take place in accordance with the procedures set out in Condition 6(b) (*Redemption at the Option of the Subordinated Noteholders*).

(g) ***Redemption of the Subordinated Notes***

Notwithstanding any other provisions of the Conditions or the Trust Deed, all references herein and therein to any of the Subordinated Notes being redeemed in full or at their Principal Amount Outstanding shall be deemed to be amended to the extent required to ensure that GBP1 principal amount of such Class of Notes remains Outstanding at all times and any amounts which are to be applied in redemption of such Notes pursuant hereto which are in excess of the Principal Amount Outstanding thereof minus GBP 1, shall constitute interest payable in respect of such Notes and shall not be applied in redemption of the Principal Amount Outstanding thereof, provided always however that such GBP 1 shall no longer remain outstanding and the Subordinated Notes shall be redeemed in full on the date on which all of the Collateral securing the Notes has been realised and is to be finally distributed to the Noteholders.

(h) ***Redemption***



All Notes in respect of which any notice of redemption is given shall be redeemed on the Redemption Date at their applicable Redemption Prices and to the extent specified in such notice and in accordance with the requirements of this Condition 6(h) (*Redemption*).

(i) ***Cancellation***

All Notes redeemed in full by the Issuer will be cancelled and may not be reissued or resold. Cancellation of any Note required by the Terms and Conditions of the Notes to be cancelled will be effected by reduction in the principal amount of the Notes on the Register, with a corresponding notation made on the applicable Global Certificate.

(j) ***Notice of Redemption***

The Issuer shall procure that notice of any redemption in accordance with this Condition 6 (*Redemption and Purchase*) is given to the Noteholders in accordance with Condition 15 (*Notices*).

(k) ***Purchase***

The Issuer may not purchase any Notes.

(l) ***Redemptions Sequential***

All redemptions of the Notes shall be made on a sequential basis in accordance with the Priorities of Payment.

(m) ***Subordinated Notes***

The Subordinated Notes shall be entitled upon redemption to (i) receive their Principal Amount Outstanding; and (ii) any proceeds available in accordance with Condition 2(d)(K) (*Application of Interest Proceeds*) or Condition 2(f)(F) (*Application of Principal Proceeds*), is applicable, in each case to the extent proceeds are available and subject to Condition 3(c) (*Limited Recourse*).

(n) ***Trustee***

The Trustee will be entitled to conclusively rely and without Liability upon any evidence, confirmation or certificate provided by the Issuer or the Collateral Manager pursuant to or in connection with this Condition 6.

**7 PAYMENTS**

(a) ***Method of Payment***

Payments of principal upon final redemption in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of such Note at the specified office of the Principal Paying Agent or Transfer Agent outside the United States by wire transfer to an account specified by the holder in the Register. Payments of interest on each Note and, prior to redemption in full thereof, principal in respect of each Note, will be made by wire transfer to an account specified by the holder in the Register on the Business Day immediately preceding the relevant due date to the holder (or to the first named of joint holders) of the Note appearing on the Register at the close of business on the Record Date. Upon application of the holder to the specified office of the Principal Paying Agent or Transfer Agent not less than five Business Days before the due date for any payment in respect of a Note, the payment may be made (in the case of any final payment of principal against presentation and surrender (or, in the case of part payment only of such final payment, endorsement) of such Note as provided above) by wire transfer, in immediately

available funds, on the due date to an alternative GBP account, maintained by the payee with a bank in Western Europe.

Payments of principal upon final redemption in respect of each Note represented by a Global Certificate will be made against presentation and surrender (or, in the case of part payment only, endorsement) of such Global Certificate at the specified office of the Principal Paying Agent by wire transfer. Payments of interest and, prior to redemption in full thereof, principal in respect of each Note represented by a Global Certificate will be made by wire transfer to the holder (or to the first named of joint holders) of the Global Certificate appearing on the Register at the close of business on the Record Date at his address shown on the Register on the Record Date. On each occasion on which a payment of interest or principal is made in respect of the relevant Global Certificate, the Registrar shall note the same in the Register and cause the aggregate principal amount of the Notes represented by a Global Certificate to be decreased accordingly.

(b) ***Payments***

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8 (*Taxation*), and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to FATCA. No commission shall be charged to the Noteholders.

(c) ***Payments on Presentation Dates***

A holder shall be entitled to present a Note for payment only on a Presentation Date and shall not, except as provided in Condition 5 (*Interest*), be entitled to any further interest or other payment if a Presentation Date falls after the due date.

If a Note is presented for payment at a time when, as a result of differences in time zones it is not practicable to transfer the relevant amount to an account as referred to above for value on the relevant Presentation Date, the Issuer shall not be obliged so to do but shall be obliged to transfer the relevant amount to the account for value on the first practicable date after the Presentation Date.

(d) ***Principal Paying Agent, Registrar and Transfer Agent***

The names of the initial Principal Paying Agent, the Registrar and the Transfer Agent and their initial specified office are set out below. The Issuer reserves the right at any time, with the approval of the Trustee, to vary or terminate the appointment of the Principal Paying Agent, the Registrar and the Transfer Agent and appoint additional or other Agents, provided that it will maintain at all times (i) a Principal Paying Agent and (ii) at least one Paying Agent (who may be the Principal Paying Agent) having specified offices in such place as may be required by the rules and regulations of the relevant stock exchange and competent authority, in each case, as approved by the Trustee and shall procure that it shall at all times maintain a Register, a Collateral Manager and a Collateral Administrator. Notice of any change in any Agent or their specified offices or in the Collateral Manager or Collateral Administrator will promptly be given to the Noteholders by the Issuer in accordance with Condition 15 (*Notices*).

The Principal Paying Agent shall at all times be a financial institution satisfying the Rating Requirement applicable thereto. In the event that the Principal Paying Agent at any time fails to satisfy the applicable Rating Requirement, the Issuer shall use reasonable endeavours to procure that a replacement Principal Paying Agent, as the case may be, acceptable to the Trustee, which satisfies the Rating Requirement is appointed in accordance with the provisions of the Agency Agreement.

## 8 TAXATION

All payments of principal and interest in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature, unless the withholding or deduction of the taxes is required by applicable law. For the avoidance of doubt, the Issuer shall not be under any obligation to gross up any payments made to Noteholders of any Class and shall withhold or deduct from any such payments any amounts on account of tax where so required by law or any relevant taxing authority. Any such withholding or deduction shall not constitute an Event of Default under Condition 9(a) (*Events of Default*).

Subject as provided below, if the Issuer certifies (upon which certificate the Trustee may rely conclusively and without liability) the Trustee that it has or will on the occasion of the next payment due in respect of the Notes of any Class become obliged by applicable laws to withhold or account for tax so that it would be unable to make payment of the full amount that would otherwise be due but for the imposition of such tax, the Issuer (save as provided below and only if it has not otherwise been able to cure the Note Tax Event) shall use all reasonable endeavours to arrange for the substitution of a company incorporated in another jurisdiction approved by the Trustee as the principal obligor under the Notes of such Class, or to change its tax residence to another jurisdiction approved by the Trustee and provided that the Trustee's approval shall be subject to confirmation of tax counsel (at the cost of the Issuer) that such a substitution and/or change in tax residence would be effective in eliminating the imposition of such Tax, and in accordance with the Trust Deed, provided that if the Issuer or the Collateral Manager (on behalf of the Issuer) determines that such a change or substitution would have an adverse tax effect on the Issuer, the Portfolio or any of the Transaction Documents the Issuer shall be under no obligation to effect such a change of territory or substitution.

Notwithstanding the above, if any taxes referred to in this Condition 8 (*Taxation*) arise:

- (a) due to any present or former connection of any Noteholder (or between a fiduciary, settlor, beneficiary, member or shareholder of such Noteholder if such Noteholder is an estate, a trust, a partnership, or a corporation) with the jurisdiction in which the tax is imposed (including without limitation, such Noteholder (or such fiduciary, settlor, beneficiary, member or shareholder) being or having been engaged in a trade or business or present therein or having had a permanent establishment therein) otherwise than by reason only of the holding of any Note or receiving principal or interest in respect; or
- (b) by reason of the failure by the relevant Noteholder to comply with any applicable procedures required to establish non-residence or other similar claim for exemption from such tax,

the requirement to substitute the Issuer as a principal obligor and/or change its residence for taxation purposes shall not apply.

## 9 EVENTS OF DEFAULT

### (a) *Events of Default*

The occurrence of any of the following events shall constitute an **Event of Default**:

#### (i) **Non-payment of interest**

the Issuer fails to pay any interest in respect of the Senior Notes when the same becomes due and payable (save as the result of any deduction there from or the imposition of withholding thereon in the circumstances described in Condition 8 (*Taxation*)) and provided that any such failure to pay such interest in such circumstances continues for a period of at least five

Business Days (or, if such failure to pay results from an administrative error, such failure to pay continues for a period of at least seven Business Days);

(ii) ***Non-payment of principal***

the Issuer fails to pay any principal when the same becomes due and payable on any Note on any Redemption Date and provided that any such failure to pay continues for a period of at least five Business Days (or, if such failure to pay results from an administrative error, such failure to pay continues for a period of at least seven Business Days);

(iii) ***Default under Priorities of Payment***

other than a failure already referred to in subparagraphs (i) and (ii) above, the Issuer fails on any Payment Date to disburse amounts available in the Payment Account in accordance with the Priorities of Payment, which failure continues for a period of five Business Days (or, if such failure to pay results from an administrative error, such failure to pay continues for a period of at least seven Business Days);

(iv) ***Breach of Other Obligations***

the Issuer does not perform or comply with any other of its covenants, warranties or other agreements under the Notes, the Trust Deed, the Agency Agreement, the Collateral Management Agreement, the Vendor Trust Deed or any other Transaction Document (other than a covenant, warranty or other agreement a default in the performance or breach of which is dealt with elsewhere in this Condition 9(a) (*Events of Default*) and other than the failure to meet any Collateral Quality Test, Portfolio Profile Test or the Senior Par Value Test), or any representation, warranty or statement of the Issuer made in the Trust Deed, Collateral Management Agreement or any other Transaction Document or in any certificate or other writing delivered pursuant thereto or in connection therewith ceases to be correct in all material respects when the same shall have been made, and (only if capable of remedy) the continuation of such default, breach or failure for a period of 30 days (or 15 days, in the case of any default, breach or failure of representation or warranty in respect of the Collateral) after notice thereof shall have been given by registered or certified mail or overnight courier, to the Trustee by the Issuer or the Collateral Manager specifying such default, breach or failure and requiring it to be remedied and stating that such notice is a notice of default hereunder;

(v) ***Insolvency Proceedings***

proceedings are initiated against the Issuer under any applicable liquidation, insolvency, bankruptcy, examinership, composition, reorganisation or other similar laws (together, **Insolvency Law**), or a receiver, trustee, administrator, examiner, custodian, conservator, liquidator or other similar official (a **Receiver**) is appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer; or the Issuer is, or initiates or consents to judicial proceedings relating to itself under any applicable Insolvency Law, or seeks the appointment of a Receiver, or makes a conveyance or assignment for the benefit of its creditors generally or otherwise becomes subject to any reorganisation or amalgamation (other than on terms previously approved in writing (a) by the Trustee or (b) by an Extraordinary Resolution of the Subordinated Noteholders, provided that in the case of (b), the Senior Noteholders, acting by an Extraordinary Resolution, have not instructed the Trustee to the contrary);

(vi) ***Illegality***

it is unlawful for the Issuer to perform or comply with any one or more of its obligations under the Notes and (only if capable of remedy) the continuation of such illegality for a period of 60 days after notice thereof shall have been given by registered or certified mail or overnight courier by the Issuer to the Trustee specifying such illegality; or

(vii) ***Investment Company Act***

the Issuer or the pool of Collateral becomes required to register as an "investment company" under the Investment Company Act.

(b) ***Acceleration***

- (i) If an Event of Default occurs and is continuing, the Trustee may, at its discretion and shall, at the direction of the Senior Noteholders acting by Extraordinary Resolution, (subject, in each case, to being pre-funded and/or indemnified and/or secured to its satisfaction) give notice to the Issuer that all the Notes are to be immediately due and payable.
- (ii) Upon any such notice being given to the Issuer in accordance with subparagraph (i) above, all of the Notes shall immediately become due and repayable at their applicable Redemption Prices.

(c) ***Curing of Default***

At any time after a notice of acceleration of maturity of the Notes (whether deemed or not) has been given following the occurrence of an Event of Default and prior to enforcement of the security pursuant to Condition 10 (*Enforcement*), the Trustee, subject to receipt of consent from the Senior Noteholders, may and shall, if requested by the Senior Noteholders, in each case, acting by Extraordinary Resolution (subject, in each case, to the Trustee being pre-funded and/or indemnified and/or secured to its satisfaction) rescind and annul such notice of acceleration under subparagraph (b)(i) above and its consequences if:

- (i) the Issuer has paid or deposited with the Trustee (or to its order) a sum sufficient to pay:
  - (A) all overdue payments of interest and principal on the Notes, other than the Subordinated Notes;
  - (B) all due but unpaid taxes owing by the Issuer, as certified by two Directors of the Issuer to the Trustee;
  - (C) all unpaid Administrative Expenses and Trustee Fees and Expenses (without regard to the Senior Expenses Cap); and
  - (D) all amounts due and payable under the Vendor Trust Deed; and
- (ii) the Trustee has determined that all Events of Default, other than the non-payment of interest in respect of, or principal of, the Notes that have become due solely as a result of the acceleration thereof under subparagraph (b) above due to such Events of Default, have been cured or waived.

Any previous rescission and annulment of a notice of acceleration pursuant to this paragraph (c) shall not prevent the subsequent acceleration of the Notes if the Trustee, at its discretion or, as subsequently requested to accelerate the Notes in accordance with subparagraph (b)(i) above, accelerates in accordance with subparagraph (b)(ii) above.

(d) ***Restriction on Acceleration of Notes***

No acceleration of the Notes shall be permitted pursuant to this Condition by any Class of Noteholders, other than the Senior Noteholders as provided in paragraph (b) above.

(e) ***Notification and Confirmation of No Default***

The Issuer shall promptly notify the Trustee, the Collateral Manager, the Agents, the Rating Agency and the Noteholders upon becoming aware of the occurrence of an Event of Default. The Trust Deed contains provision for the Issuer to provide written confirmation to the Trustee and the Rating Agency on an annual basis or on request that no Event of Default has occurred and that no condition, event or act has occurred which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition could constitute an Event of Default and that no other matter which is required (pursuant thereto) to be brought to the Trustee's attention has occurred.

**10 ENFORCEMENT**

(a) ***Security Becoming Enforceable***

Subject as provided in paragraph (b) below, the security constituted under the Trust Deed over the Collateral shall become enforceable upon an acceleration of the maturity of the Notes pursuant to Condition 9 (*Events of Default*).

(b) ***Enforcement***

The Trustee may, at its discretion, at any time and without notice, take any action, steps and/or proceedings (subject to Condition 3(c) (*Limited Recourse*)) against the Issuer or any other person to enforce the provisions of any Transaction Document to which it is a party. At any time after the Notes become due and payable and the security under the Trust Deed over the Collateral becomes enforceable, the Trustee may, at its discretion (subject to being pre-funded and/or indemnified and/or secured to its satisfaction) and shall if so directed by the Senior Noteholders acting by Ordinary Resolution (subject as aforesaid) pursuant and subject to the terms of the Trust Deed and the Notes, realise and/or otherwise liquidate the Collateral or relinquish or release or direct the Vendor Trustee to relinquish or release the Issuer's beneficial interest in the Collateral, in each case, in whole or in part and/or take such action as may be permitted under applicable laws against any Obligor in respect of the Collateral and/or take any other action to enforce the security over the Collateral (such actions together, **Enforcement Actions**), in each case without any liability as to the consequence of any action and without having regard (save to the extent provided in Condition 13(e) (*Entitlement of the Trustee and Conflicts of Interest*)) to the effect of such action on individual Noteholders of such Class or any other Secured Party provided however that:

- (i) no such Enforcement Actions may be taken by the Trustee unless:
  - (A) it determines that the anticipated proceeds realised from such Enforcement Actions (after deducting any expenses properly incurred in connection therewith) would be sufficient to discharge in full all amounts due and payable in respect of the Senior Notes and all amounts payable in priority thereto pursuant to the Priorities of Payment (such amount being the **Enforcement Threshold**) and (such determination being an **Enforcement Threshold Determination**) and such determination shall be subject to approval of the Senior Noteholders, acting by Ordinary Resolution; or
  - (B) consent to the taking of Enforcement Action is received from the Senior Noteholders acting by an Ordinary Resolution;

- (ii) the Trustee shall not be bound to institute any such proceedings or take any such other action unless it is directed by the Senior Noteholders acting by Ordinary Resolution at such time and, in each case, the Trustee is pre-funded and/or indemnified and/or secured to its satisfaction against all liabilities which may be incurred by it in connection therewith. Following redemption and payment in full of the Senior Notes, the Trustee shall (provided it is pre-funded and/or indemnified and/or secured to its satisfaction against all liabilities which may be incurred by it in connection therewith), if so directed, act upon the directions of the holders of the Subordinated Notes acting by Extraordinary Resolution; and
- (iii) for the purposes of determining issues relating to the execution of a sale or liquidation of the Portfolio, the anticipated proceeds to be realised from any Enforcement Action and whether the Enforcement Threshold will be met, the Trustee may appoint an independent investment banking firm or other appropriate advisor to advise it and may obtain and rely on an opinion and/or advice of such independent investment banking firm or other appropriate advisor (the cost of which shall be payable as Trustee Fees and Expenses).

The Trustee shall notify the Noteholders, the Issuer, the Agents, the Collateral Manager, the Vendor and the Rating Agency in the event that it makes an Enforcement Threshold Determination at any time or takes any Enforcement Action at any time (such notice an **Enforcement Notice**). The net proceeds of enforcement of the security over the Collateral shall be credited to the Payment Account or such other account as the Trustee may direct and shall be distributed in accordance with the Enforcement Priority of Payments described in Condition 3(b)(*Application of Proceeds upon Enforcement*).

(c) ***Only Trustee to Act***

Only the Trustee may pursue the remedies available under the Trust Deed to enforce the rights of the Noteholders or of any of the other Secured Parties under the Trust Deed and the Notes and no Noteholder or other Secured Party may proceed directly against the Issuer or any of its assets unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed, fails or neglects to do so within a reasonable period of time following the instance of the obligation to proceed having arisen and such failure or neglect is continuing. After realisation of the security which has become enforceable and the distribution of the net proceeds in accordance with the Priorities of Payment, no Noteholder or other Secured Party may take any further steps against the Issuer to recover any sum still unpaid in respect of the Notes or the Issuer's obligations to such Secured Party and all claims against the Issuer to recover any sum still unpaid in respect of the Notes or the Issuer's obligations to such Secured Party and all claims against the Issuer in respect of such sums unpaid shall be extinguished. In particular, none of the Trustee, any Noteholder or any other Secured Party shall be entitled in respect thereof to petition or take any other step for the winding-up of the Issuer except to the extent permitted under the Trust Deed. None of the Noteholders of any Class or the other Secured Parties (nor any other person acting on behalf of any of them) (other than the Trustee) shall be entitled at any time to take any other steps or action against the Issuer or the Collateral for the purpose of recovering any of the Secured Obligations (as defined in the Trust Deed) (including by exercising any rights of set-off) or enforcing any rights arising out of the Transaction Documents against the Issuer or take any other action in respect of or concerning the Issuer or the Collateral.

## 11 **PRESCRIPTION**

Claims in respect of principal and interest payable on redemption in full of the relevant Notes will become void unless presentation for payment is made as required by Condition 6 (*Redemption and Purchase*) within a period of five years, in the case of interest, and ten years, in the case of principal, from the appropriate Record Date.

Notwithstanding the above, claims against the Issuer in respect of principal and interest on the Notes while the Notes are represented by a Global Certificate will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) from the date on which any payment first becomes due.

## **12 REPLACEMENT OF NOTES**

If any Note is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent or the Transfer Agent subject in each case to all applicable laws and Euronext Dublin requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Notes must be surrendered before replacements will be issued.

## **13 MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION**

### **(a) *Provisions in Trust Deed***

The Trust Deed contains provisions for convening meetings of the Noteholders (and for passing Written Resolutions) to consider matters affecting the interests of the Noteholders including, without limitation, modifying or waiving certain of the provisions of these Conditions and the substitution of the Issuer in certain circumstances. The provisions in this Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*) are descriptive of the detailed provisions of the Trust Deed.

### **(b) *Decisions and Meetings of Noteholders***

#### **(i) *General***

Decisions may be taken by Noteholders by way of Ordinary Resolution or, to the extent required, Extraordinary Resolution, in each case, either acting together or, to the extent specified in any applicable Transaction Document, as a Class of Noteholders acting independently. In the case of the holders of each Class of Notes, votes shall be determined by reference to the Principal Amount Outstanding of each relevant Class of Notes. Such Resolutions can be effected either at a duly convened meeting of the applicable Noteholders or by the applicable Noteholders resolving in writing, in each case, in at least the minimum percentages specified in the table "Minimum Percentage Voting Requirements" in Condition 13(b)(iv) (*Minimum Voting Rights*). Meetings of the Noteholders may be convened by the Issuer, the Trustee or by two or more Noteholders holding not less than 10% in aggregate of the Principal Amount Outstanding of the Notes of a particular Class, subject to certain conditions including minimum notice periods.

The Trustee may, in its discretion, determine that any proposed Ordinary Resolution or Extraordinary Resolution affects only the holders of one or more Classes of Notes, in which event the required quorum and minimum percentage voting requirements of such Ordinary Resolution or Extraordinary Resolution may be determined by reference only to the holders of that Class or Classes of Notes and not the holders of any other Notes as set forth in the tables below.

The holder of each Global Certificate will be treated as being one person for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and, at any such meeting, as having one vote in respect of each EUR 1,000, USD 1,000 or GBP 1,000 (as applicable) of the Principal Amount Outstanding of Notes for which the relevant Global Certificate may be exchanged.



(ii) ***Principal Amount Outstanding***

For the purposes of voting on any matter, giving instructions or directions, determining whether any relevant quorum requirements have been met or in the event of any conflict between the Notes of any Class, the Principal Amount Outstanding of the Class A1 Senior Notes and the Class A2 Senior Notes shall be converted to GBP at the Initial FX Rate.

(iii) ***Quorum***

The quorum required for any meeting convened to consider an Ordinary Resolution or Extraordinary Resolution, in each case, of a specified Class of Noteholders, or at any adjourned meeting to consider such a Resolution, shall be as set out in the relevant column and row corresponding to the type of Resolution in the table "*Quorum Requirements*".

**Quorum Requirements**

<b>Type of Resolution</b>	<b>Any meeting other than a meeting adjourned for want of quorum</b>	<b>Meeting previously adjourned for want of quorum</b>
Extraordinary Resolution of a certain Class	One or more persons holding or representing not less than 66 2/3% of the aggregate Principal Amount Outstanding of the relevant Class	One or more persons holding or representing any Notes of the relevant Class regardless of the aggregate Principal Amount Outstanding of such Class of Notes so held or represented
Ordinary Resolution of a certain Class	One or more persons holding or representing not less than 50% of the aggregate Principal Amount Outstanding of the relevant Class	One or more persons holding or representing any Notes of the relevant Class regardless of the aggregate Principal Amount Outstanding of such Class of Notes so held or represented

The Trust Deed does not contain any provision for higher quorums in any circumstances.

(iv) ***Minimum Voting Rights***

Set out in the table "*Minimum Percentage Voting Requirements*" are the minimum percentages required to pass the Resolutions specified in such table which, (A) in the event that such Resolution is being considered at a duly convened meeting of Noteholders, shall be determined by reference to the percentage which the aggregate Principal Amount Outstanding of Notes held or represented by any person or persons who vote in favour of such Resolution represents of the aggregate Principal Amount Outstanding of all applicable Notes which are represented at such meeting and are voted or, (B) in the case of any Written Resolution, shall be determined by reference to the percentage which the aggregate Principal Amount Outstanding of the Notes entitled to be voted in respect of such Resolution which are voted in favour thereof represent of the aggregate Principal Amount Outstanding of all the Notes entitled to vote in respect of such Written Resolution.

**Minimum Percentage Voting Requirements**

<b>Type of Resolution</b>	<b>Per cent.</b>
Extraordinary Resolution of a certain Class	At least 66 2/3%
Ordinary Resolution of a certain Class	More than 50%

(v) **Written Resolutions**

Any Written Resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the relevant Noteholders and the date of such Written Resolution shall be the date on which the latest such document is signed.

(vi) ***All Resolutions Binding***

Any Resolution of the Noteholders of any Class duly passed (and whether passed in person or by Written Resolution) shall be binding on all Noteholders of such Class regardless of whether or not a Noteholder was present at the meeting at which such Resolution was passed.

(vii) ***Extraordinary Resolution***

Any Resolution to sanction any of the following items will be required to be passed by an Extraordinary Resolution of each Class of Notes (in each case, subject to anything else contemplated in the Trust Deed (other than Condition 13(c) (*Modification and Waiver*)), the Collateral Management Agreement or the relevant Transaction Document, as applicable):

- (A) the exchange or substitution for the Notes of a Class, or the conversion of the Notes of a Class into, shares, bonds or other obligations or securities of the Issuer or any other entity;
- (B) the modification of any provision relating to the timing and/or circumstances of redemption of the Notes of a Class at maturity or otherwise (including the circumstances in which the maturity of such Notes may be accelerated);
- (C) the modification of any of the provisions of the Trust Deed which would directly and adversely affect the calculation of the amount of any payment of interest or principal on any Note;
- (D) the adjustment of the principal amount of the Notes Outstanding of the relevant Class other than in connection with a further issue of Notes pursuant to Condition 16 (*Additional Issuances*);
- (E) a change in the currency of payment of the Notes of a Class;
- (F) any change in the priorities of payment of any payment items in the Priorities of Payment;
- (G) the modification of the provisions concerning the quorum required at any meeting of Noteholders or the minimum percentage required to pass an Extraordinary Resolution or any other provision of these Conditions which requires the written

consent of the holders of a requisite principal amount of the Notes of any Class Outstanding;

- (H) any modification of any Transaction Document for any purpose other than those specified in Condition 13(c) (*Modification and Waiver*) or for any purposes specified in Condition 13(c) (*Modification and Waiver*) if the prior written consent of the Trustee has not been procured;
- (I) to direct the Issuer to terminate the Corporate Services Agreement in accordance with its terms;
- (J) any item requiring approval by Extraordinary Resolution of each Class of Noteholders pursuant to these Conditions or any Transaction Document; and
- (K) any modification of this Condition 13(b) (*Decisions and Meetings of Noteholders*).

(viii) ***Ordinary Resolution***

A meeting shall, subject to the Conditions and without prejudice to any powers confirmed on other persons of the Trust Deed, have power by Ordinary Resolution to approve any other matter relating to the Notes not referred to in Condition 13(b)(vii) (*Extraordinary Resolution*).

(ix) ***Separate and Combined Meetings***

- (A) Subject to subparagraphs (D) and (E) below, a Resolution which in the opinion of the Trustee affects the Notes of only one Class shall be transacted at a separate meeting of Noteholders of that Class;
- (B) Subject to subparagraphs (D) and (E) below, a Resolution which in the opinion of the Trustee affects the Noteholders of more than one Class of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one Class of Notes and the holders of another Class of Notes shall be transacted either at separate meetings of Noteholders of each such Class or at a single meeting of the Noteholders of all such Classes of Notes as the Trustee shall determine in its absolute discretion;
- (C) Subject to subparagraphs (D) and (E) below, a Resolution which in the opinion of the Trustee affects the Noteholders of more than one Class and gives rise to an actual or potential conflict of interest between the Noteholders of one Class of Notes and the Noteholders of any other Class of Notes shall be transacted at separate meetings of the Noteholders of each such Class;
- (D) A resolution passed by the Senior Noteholders (or any Class thereof) or the Subordinated Noteholders only, as applicable to exercise any rights granted solely to them under these Conditions, and in relation to which these Conditions specify that a resolution of such Senior Noteholders or Subordinated Noteholders only is necessary to exercise such rights, shall be deemed to have been passed if passed at a meeting of the Senior Noteholders or the Subordinated Noteholders only, as applicable, and such resolution shall be binding on all of the Noteholders.
- (E) An Extraordinary Resolution passed by the Subordinated Noteholders is sufficient to direct the Trustee to direct the Issuer to terminate the Corporate Services Agreement in accordance with its terms.

(c) ***Modification and Waiver***

The Trust Deed and the Collateral Management Agreement both provide that the Issuer may amend, modify, supplement and/or waive the provisions of the Trust Deed and/or the Collateral Management Agreement and/or any other Transaction Document, subject to the prior written consent of the Subordinated Noteholders and the Senior Noteholders (while the Senior Notes remain Outstanding) each class acting by Ordinary Resolution, for any of the following purposes, in addition, consent from the Trustee is required for items (i), (ii) and (iii) below:

- (i) to add to the covenants of the Issuer or the Trustee for the benefit of the Noteholders or to surrender any right or power in the Trust Deed, the Vendor Trust Deed or the Collateral Management Agreement (as applicable) conferred upon the Issuer;
- (ii) to charge, convey, transfer, assign, mortgage or pledge any property to or with the Trustee;
- (iii) to correct or amplify the description of any property at any time subject to the security of the Trust Deed, or to better assure, convey and confirm unto the Trustee any property subject or required to be subject to the security of the Trust Deed (including, without limitation, any and all actions necessary or desirable as a result of changes in law or regulations) or subject to the security of the Trust Deed any additional property;
- (iv) to evidence and provide for the acceptance of appointment under the Trust Deed by a successor Trustee subject to and in accordance with the terms of the Trust Deed and to add to or change any of the provisions of the Trust Deed as shall be necessary to facilitate the administration of the trusts under the Trust Deed by more than one Trustee, pursuant to the requirements of the relevant provisions of the Trust Deed;
- (v) to make such changes as shall be necessary or advisable in order for the Notes of each Class to be able (or to remain) listed on the Global Exchange Market of Euronext Dublin or any other exchange;
- (vi) save as contemplated in Condition 13(d) (*Substitution*) below, to take any action advisable to prevent the Issuer from becoming subject to withholding or other taxes, fees or assessments;
- (vii) to take any action advisable to prevent the Issuer from being treated as resident in any jurisdiction other than the United Kingdom for United Kingdom tax purposes, as trading in any jurisdiction other than the United Kingdom for tax purposes or as subject to added tax in respect of any fees paid to the Collateral Manager;
- (viii) to amend the Conditions or any Transaction Document as necessary to permit the Issuer to satisfy any reporting, withholding or tax payment obligations pursuant to FATCA;
- (ix) to take any action advisable to prevent the Issuer from being treated as engaged in a United States trade or business or otherwise be subject to United States federal, state or local income tax on a net income basis;
- (x) to enter into any additional agreements not expressly prohibited by the Trust Deed or the Collateral Management Agreement (as applicable);
- (xi) to amend any of the Collateral Quality Tests, Portfolio Profile Tests, Reinvestment Criteria and/or Eligibility Criteria and all related definitions (including in order to reflect changes in the methodology applied by a Rating Agency);

- (xii) to make any other modification of any of the provisions of the Trust Deed, the Collateral Management Agreement or any other Transaction Document which, in the opinion of the Trustee, is of a formal, minor or technical nature or is made to correct a manifest error or an error which is, to the satisfaction of the Trustee, proven;
- (xiii) to make any other modification (save as otherwise provided in the Trust Deed, the Collateral Management Agreement or the relevant Transaction Document), and/or give any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any other Transaction Document which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Noteholders of any Class;
- (xiv) to make any modification to the provisions of the Trust Deed, the Collateral Management Agreement or any other Transaction Document in order to effect the issuance of further Notes subject to Condition 16 (*Additional Issuances*), as amended from time to time, including the issuance of a separate Class of Notes ranking *pari passu* with the Outstanding Notes;
- (xv) to make any modification to the provisions of any Transaction Document if it becomes unlawful or materially detrimental for the Issuer or Barclays Bank PLC to perform its obligations under the Transaction Documents due to the adoption of, or any change in, any applicable law or regulation following the date of the Trust Deed (whether by virtue of the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation following the date of the Prospectus, or otherwise);
- (xvi) to amend any requirement that the Permitted Securities Condition be satisfied or to amend any of the definitions “Eligible Investments”, “Participation”, “Permitted Securities Condition”, “Section 13 Banking Entity” or “Volcker Rule” and any other provision related to compliance with the Volcker Rule, provided that a supermajority (66 $\frac{2}{3}$  per cent. based on the aggregate principal amount of Notes held by the Section 13 Banking Entities) of the Section 13 Banking Entities (voting as a single class) consent in writing to the amendment;
- (xvii) to make any amendments to the Trust Deed or any other Transaction Document to enable the Issuer to comply with the AIFMD, the Dodd-Frank Act, (in each case, including any implementing regulation, technical standards and guidance related thereto), or to ensure the Issuer is not characterised as a "covered fund" for the purposes of the Volcker Rule, subject to receipt by the Trustee of a certificate of the Issuer (upon which certificate the Trustee may rely absolutely and without further enquiry or liability) certifying to the Trustee that the relevant amendments are to be made solely for the purpose of enabling the Issuer or the Collateral Manager (as applicable) to satisfy its requirements under the AIFMD or Dodd-Frank (as applicable);
- (xviii) to modify the Transaction Documents in terms agreed by the parties thereto for the purpose of complying with or implementing the Securitisation Regulation in the form that comes into force including any implementing regulation, technical standards and official guidance related thereto;
- (xix) to modify the restrictions on and procedures for resales and other transfers of Notes and to make any other modification of any of the provisions of the Trust Deed, the Collateral Management Agreement or any other Transaction Document to reflect any changes in the Foreign Safe Harbor or corresponding exemption (or the interpretation thereof) to enable the continued reliance upon such exemption from compliance with the U.S. Risk Retention Rules;

- (xx) to evidence any waiver or modification by a Rating Agency in its rating methodology or as to any requirement or condition, as applicable, of such Rating Agency set forth in the Transaction Documents or (B) to conform the Transaction Documents to the Prospectus;
- (xxi) to modify or amend any component of the Moody's Tests Matrix, subject to receipt of Rating Agency Confirmation from Moody's; and
- (xxii) to enter into one or more supplemental trust deeds or any other modification, authorisation or waiver of the provisions of the Transaction Documents to permit the use of an Alternative Base Rate for the purpose of (i) changing the reference rate, or the methodology of calculating the reference rate in respect of the Floating Rate Notes from EURIBOR or LIBOR, as applicable, (ii) replacing references to "LIBOR", "EURIBOR", "London Interbank Offered Rate" and "Euro Interbank Offered Rate", as applicable, or any other similar term referring to an applicable reference rate as the context requires when used with respect to a calculation relating to a Floating Rate Collateral Debt Obligation, (iii) amending provisions which refer to an index intended to have an equivalent frequency and setting date to a Floating Rate Collateral Debt Obligation to the extent that no such index is available and (iv) making such other amendments as are necessary or advisable in the reasonable judgment of the Collateral Manager to facilitate the foregoing changes (in each case, a **Reference Rate Replacement Modification**), provided that:
  - (i) such amendments and modifications are only undertaken after the Collateral Manager has notified the Trustee and the Issuer of (x) a material disruption to LIBOR or EURIBOR, as applicable, (y) a change in the methodology of calculating LIBOR or EURIBOR, as applicable (or any other applicable or related benchmark) or (z) LIBOR or EURIBOR, as applicable (or another applicable or related benchmark) ceasing to be available or published (or of the Collateral Manager's reasonable expectation that any of the events specified in sub-clause (x), (y) or (z) will occur) (in each case, a **Reference Rate Disruption**); and
  - (ii) if no Reference Rate Replacement Modification has been entered into within fifteen (15) Business Days of the Collateral Manager notifying the Trustee and the Issuer of a Reference Rate Disruption, then the Collateral Manager shall select (in its commercially reasonable discretion) an Alternative Base Rate to be used for the applicable Reference Rate Replacement Modification, and such Reference Rate Replacement Modification shall take effect without the execution of a supplemental trust deed or other modification, authorisation or waiver.

Any such amendment, modification, supplement or waiver shall be binding on all Noteholders and the Issuer shall or shall procure that the Rating Agency and, for so long as the Notes are listed on the Global Exchange Market of Euronext Dublin, Euronext Dublin and the Noteholders are notified of such amendment, modification, supplement or waiver as soon as practicable in accordance with Condition 15 (*Notices*).

Under no circumstances shall the Trustee be required to give such consent on less than 21 days' notice and the Trustee shall be entitled to obtain such advice and/or opinions in connection with giving such consent as it sees fit (and to be indemnified in respect of all of its costs and expenses in obtaining such advice) but, subject to the foregoing, shall not be entitled to withhold its consent or subject consent to the direction or approval of any Noteholders where the proposed amendment, modification, supplement or waiver falls within subparagraphs (xi), (xii) or (xiv) above and does not impose additional obligations or liability on the Trustee. For the avoidance of doubt, the foregoing shall not oblige the Trustee to consent where such proposed amendment, modification, supplement or waiver (other than one falling within subparagraphs (xi), (xii) or (xiv) above) would in the Trustee's sole determination be materially prejudicial to the interests of the Noteholders of any Class.

The Issuer shall procure that, so long as the Notes are listed on Global Exchange Market of Euronext Dublin any material amendments or modifications to these Conditions, the Trust Deed or such other conditions made pursuant to this Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*) shall be notified to Euronext Dublin.

(d) ***Substitution***

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require (without the consent of the Noteholders of any Class), to the substitution of any other company in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes of each Class, if required for taxation purposes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders, to a change of the law governing the Notes and/or the Trust Deed, provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders of any Class. Any substitution agreed by the Trustee pursuant to this Condition 13(d) (*Substitution*) shall be binding on the Noteholders, and shall be notified by the Issuer to the Noteholders as soon as practicable in accordance with Condition 15 (*Notices*).

The Trustee may, subject to the satisfaction of certain conditions, including such opinions as the Trustee shall deem appropriate, agree to a change in the place of residence of the Issuer for taxation purposes without the consent of the Noteholders of any Class, provided the Issuer does all such things as the Trustee may reasonably require in order that such change in the place of residence of the Issuer for taxation purposes is fully effective and complies with such other requirements which are in the interests of the Noteholders as it may reasonably direct.

The Issuer shall procure that, so long as the Notes are listed on the Global Exchange Market of Euronext Dublin any material amendments or modifications to these Conditions, the Trust Deed or such other conditions made pursuant to this Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*) shall be notified to Euronext Dublin.

(e) ***Entitlement of the Trustee and Conflicts of Interest***

In connection with the exercise of its trusts, powers, duties and discretions (including but not limited to those referred to in this Condition 13 (*Meetings of Noteholders, Modification, Waiver and Substitution*)) the Trustee shall have regard to the interests of each Class of Noteholders as a Class and shall not have regard to the consequences of such exercise for individual Noteholders of such Class and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

In considering the interests of Noteholders while the Global Certificates are held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its account holders with entitlements to each Global Certificate and may consider such interests as if such account holders were the holders of any Global Certificate.

The Trust Deed provides that in the event of any conflict of interest between the holders of the Class A1 Senior Notes, the Class A2 Senior Notes and the Class A3 Senior Notes (collectively) and the Subordinated Notes, the interests of the holders of the Class A1 Senior Notes, the Class A2 Senior Notes and the Class A3 Senior Notes will prevail equally, over the interests of the holders of the Subordinated Notes. If the Trustee receives conflicting or inconsistent requests from two or more groups of holders of a Class (given priority as described in this paragraph), each representing less than the majority by principal amount of Notes Outstanding of such Class, the Trustee shall give priority to the group which holds the greater aggregate principal amount of notes Outstanding of

such Class. The Trust Deed provides further that the Trustee will act upon the directions of the holders of the Senior Notes in such circumstances, and shall not be obliged to consider the interests of and is exempted from any liability to the holders of any other Class of Notes or any other Secured Party. In addition, the Trust Deed provides that in the event of any conflict of interest between the Noteholders and any other Secured Party, the interests of the Noteholders will prevail, save that upon enforcement of the security of the Trust Deed, the Trustee shall be obliged to pay the proceeds thereof in accordance with the Priorities of Payment.

#### **14 INDEMNIFICATION OF THE TRUSTEE**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility in certain circumstances, including provisions relieving it from instituting proceedings to enforce repayment or to enforce the security constituted by or pursuant to the Trust Deed, unless pre-funded and/or indemnified and/or secured to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer or any other party to a Transaction Document and any entity related to the Issuer or any other party to a Transaction Document without accounting for any profit. The Trustee is exempted from any liability in respect of any loss or theft of the Collateral from any obligation to insure, or to monitor the provisions of any insurance arrangements in respect of, the Collateral (for the avoidance of doubt, under the Trust Deed the Trustee is under no such obligation) and from any claim arising from the fact that the Collateral is held in safe custody by a bank or custodian. The Trustee shall not be responsible for the performance by any Agent of any of its duties under the Agency Agreement or for the performance by the Collateral Manager of any of its duties under the Collateral Management Agreement, for the performance by the Collateral Administrator of its duties under the Collateral Management Agreement or for the performance by any other person appointed by the Issuer in relation to the Notes or any other party to a Transaction Document. The Trustee shall not have any responsibility for the administration, sufficiency, adequacy, management or operation of the Collateral including the request by the Collateral Manager to release any of the Collateral from time to time.

The Trust Deed contains provisions for the retirement of the Trustee and the removal of the Trustee by Extraordinary Resolution of the Subordinated Noteholders, but no such retirement or removal shall become effective until a successor trustee is appointed.

#### **15 NOTICES**

Notices to Noteholders will be valid if posted to the address of such Noteholder appearing in the Register at the time of publications of such notice by pre-paid, first class mail (or any other manner approved by the Trustee which may be electronic transmission) and for so long as the Notes are listed on the Global Exchange Market of Euronext Dublin and the rules of Euronext Dublin may so require, shall be sent to the Company Announcements Office of Euronext Dublin. Any such notice shall be deemed to have been given three days (in the case of inland mail) or seven days (in the case of overseas mail) after the date of dispatch thereof to Noteholders and/or the Company Announcements Office (as applicable). The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or a category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the rules of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require. A copy of any such notice shall also be delivered to the Initial Purchaser regardless of whether it is a Noteholder at such time.

Notwithstanding the above, so long as any Notes are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to Noteholders shall be given by, and shall be deemed to have been delivered to, such Noteholders upon delivery of the relevant notice to that clearing system for communication by it to entitled account holders in substitution for delivery thereof as required by the Conditions, provided that such notice is also made to the



Company Announcement Office of Euronext Dublin for so long as such Notes are listed on the Global Exchange Market of Euronext Dublin and the rules of the Global Exchange Market of Euronext Dublin so require (and such notice shall be deemed given to the Noteholder upon such delivery by or on behalf of the Issuer).

## 16 ADDITIONAL ISSUANCES

- (a) The Issuer may from time to time subject to the approval of the Subordinated Noteholders acting by Ordinary Resolution create and issue further Notes having the same terms and conditions as existing Classes of Notes (subject as provided below) and which shall be either (i) consolidated and form a single series with the Outstanding Notes of such Class (unless otherwise provided) or (ii) issued as a separate sub-class of Notes of the relevant Class which shall rank *pari passu* with the Outstanding Notes of the relevant Class, and will use the proceeds of sale thereof to purchase additional Collateral Debt Obligations or to invest in Eligible Investments, provided that the conditions below are met:
- (i) such additional Notes must be issued for a cash sale price and the net proceeds invested in Collateral Debt Obligations pursuant to the Vendor Trust Deed and Collateral Management Agreement or, pending such investment deposited in the relevant Principal Account and invested in Eligible Investments;
  - (ii) such additional Notes must be of both a senior Class and a subordinated Class and issued in a proportionate amount (determined based on the Initial FX Rate) among such Classes so that the respective proportions of aggregate principal amount of the Senior Notes and the Subordinated Notes existing immediately prior to such additional issuance remain unchanged following such additional issuance (excluding (i) where the Senior Noteholders and the Subordinated Noteholders, each acting by Extraordinary Resolution, authorise a additional issuance of Notes in an amount which does not maintain the proportions of the Senior Notes to Subordinated Notes and (ii) an issuance of additional Subordinated Notes as described in paragraph (b) below);
  - (iii) the terms (other than the date of issuance, the issue price and the date from which interest will accrue) of such Notes must be identical to the terms of the previously issued Notes of the applicable Class of Notes;
  - (iv) none of the ratings on the Senior Notes must at such time be lower than the original ratings assigned on the Issue Date;
  - (v) (so long as the existing Notes of the Class of Notes to be issued are listed on the Global Exchange Market of Euronext Dublin) the additional Notes of such class to be issued are in accordance with the requirements of Euronext Dublin and are listed on Euronext Dublin (for so long as the rules of Euronext Dublin may so require);
  - (vi) such additional issuances are in accordance with all applicable laws including, without limitation, the securities and banking laws and regulations of England;
- (b) In addition, the Issuer may issue and sell additional Subordinated Notes (without issuing Notes of any other Class), provided that:
- (i) such additional Subordinated Notes are issued for a cash sale price as confirmed by the Issuer (the net proceeds to be (i) invested in Collateral Debt Obligations or Eligible Investments or (ii) paid into the Interest Account and used to make payments on any Payment Date in accordance with the Priorities of Payment or, pending such investment or payment, deposited in the Principal Account and invested in Eligible Investments);

- (ii) such additional issuance is in accordance with all applicable laws including, without limitation, the securities and banking laws and regulations of England;
- (iii) either:
  - (A) approval of the holders of 100% of the Principal Amount Outstanding of the Subordinated Notes; or
  - (B)
    - (I) the subordination terms of such Subordinated Notes are identical to the terms of the previously issued Subordinated Notes;
    - (II) the scheduled maturity date of such Subordinated Notes is not prior to the Maturity Date of the previously issued Subordinated Notes; and
    - (III) the terms (other than the date of issuance, the issue price and the date from which interest will accrue) of such Subordinated Notes must be identical to the terms of the previously issued Subordinated Notes; and
- (iv) such additional issuance of Subordinated Notes will not result in a decrease in the subordination provided by the Subordinated Notes to the Senior Notes.

References in these Conditions to the Notes include (unless the context requires otherwise) any other notes issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with Notes constituted by the Trust Deed shall, and any other securities may be constituted by a deed supplemental to the Trust Deed.

## 17 THIRD PARTY RIGHTS

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

## 18 GOVERNING LAW

### (a) *Governing Law*

The Trust Deed and the Notes of each Class, and any non-contractual obligations arising out of or in connection with the Trust Deed and the Notes of each Class, are governed by and shall be construed in accordance with English law.

### (b) *Jurisdiction*

The courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes, and accordingly any legal action or proceedings arising out of or in connection with the Notes (**Proceedings**) may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and waives any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient or inappropriate forum. This submission is made for the benefit of each of the Noteholders and the Trustee and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

## **USE OF PROCEEDS**

The estimated net proceeds of the issue of the Notes on the Issue Date, in each case on or about the Issue Date, is expected to be approximately EUR 1,687,500,000, USD 2,036,700,000 and GBP 1,500,000,000 which will be applied by the Issuer to acquire the beneficial interest in the Collateral Debt Obligations comprising the initial Portfolio on the Acquisition Date (such proceeds in each case being retained in the Principal Account until the Acquisition Date). Barclays will pay the fees and expenses payable on or about the Issue Date (including estimated expenses of approximately €8441.20 relating to the listing and admission of the Notes on the Global Exchange Market of Euronext Dublin).

## FORM OF THE NOTES

References below to Notes and to the Global Certificates and the Definitive Certificates representing such Notes are to each respective Class of Notes, except as otherwise indicated.

### Initial Issue of Notes

Unless the Subordinated Noteholder elects to hold the Subordinated Notes in definitive form, the Notes of each Class will be represented on issue by one or more permanent global certificates of such Class (each, a **Global Certificate** and together, the **Global Certificates** which, in each case, will be deposited with, and registered in the name of a common depository for Euroclear and Clearstream, Luxembourg. Beneficial interests in a Global Certificate may be held only through Euroclear or Clearstream, Luxembourg at any time. See "*Book-Entry Clearance Procedures*".

Beneficial interests in a Global Certificate may not be held by or on behalf of a U.S. Person or person in the United States at any time. By acquisition of a beneficial interest in a Global Certificate, the purchaser thereof will be deemed to represent, among other things, that it is not a U.S. Person and is outside the United States, and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest only to a person whom the seller reasonably believes to be a non-U.S. Person outside the United States in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S.

Except in the limited circumstances described below, owners of beneficial interests in Global Certificates will not be entitled to receive physical delivery of Definitive Certificates, unless the Subordinated Noteholder elects to hold the Subordinated Notes in definitive form. The Notes are not issuable in bearer form.

All Senior Notes will bear a legend. See "*Transfer Restrictions*".

### Exchange for Definitive Certificates

#### *Exchange*

Each Global Certificate will be exchangeable, free of charge to the holder, on or after its Definitive Exchange Date (as defined below), in whole but not in part, for Definitive Certificates if a Global Certificate is held (directly or indirectly) on behalf of Euroclear and Clearstream, Luxembourg or an alternative clearing system and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces its an intention to permanently cease business or does in fact do so.

The Registrar will not register the transfer of, or exchange of interests in, a Global Certificate for Definitive Certificates during the period from (but excluding) the Record Date to (and including) the date for any payment of principal or interest in respect of the Notes.

If only one of the Global Certificates (the **Exchanged Global Certificate**) becomes exchangeable for Definitive Certificates in accordance with the above paragraphs, transfers of Notes may not take place between, on the one hand, persons holding Definitive Certificates issued in exchange for beneficial interests in the Exchanged Global Certificate and, on the other hand, persons wishing to purchase beneficial interests in the other Global Certificate.

**Definitive Exchange Date** means a day falling not less than 30 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar, the Transfer Agent and the Principal Paying Agent is located.

### ***Delivery***

In such circumstances, the relevant Global Certificate shall be exchanged in full for Definitive Certificates and the Issuer will, at the cost of the Issuer (but against such indemnity as the Principal Paying Agent or the Transfer Agent may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), cause sufficient Definitive Certificates to be executed and delivered to the Principal Paying Agent for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in a Global Certificate must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Principal Paying Agent may require to complete, execute and deliver such Global Certificates.

### **Legends**

The holder of a Definitive Certificate may transfer the Notes represented thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the Registrar or any Paying Agent (as applicable), together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of a Definitive Certificate bearing the legend referred to under "*Transfer Restrictions*" below, or upon specific request for removal of the legend on a Definitive Certificate, the Issuer will deliver only Definitive Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act and the Investment Company Act.

### **Amendments to Terms and Conditions**

Each Global Certificate contains provisions that apply to the Notes that they represent, some of which modify the effect of the Conditions in definitive form (See "*Terms and Conditions of the Notes*"). The following is a summary of those provisions:

***Payments*** Payment of principal and interest in respect of the Regulation S Global Certificate will be made against presentation and, if no further payment is due in respect of the Regulation S Global Certificate, surrender of the Regulation S Global Certificate to or to the order of the Principal Paying Agent or the Transfer Agent as shall have been notified to the relevant Noteholders for such purpose. Payments of interest in respect of the Regulation S Global Certificate and, prior to redemption in full hereof, principal in respect of the Regulation S Global Certificate, will be made to the holder (or to the first named of joint holders) of the Regulation S Global Certificate appearing on the Register at the close of the business day (being for this purposes, a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date for payment of principal or interest (as the case may be) in respect of the Regulation S Global Certificate. On each occasion on which a payment of interest or principal is made in respect of the Regulation S Global Certificate, the Registrar shall note the same in the Register and cause the aggregate principal amount of Notes represented by the Regulation S Global Certificate to be decreased accordingly.

***Trustee's Powers*** In considering the interests of Noteholders while the Regulation S Global Certificate is held on behalf of a relevant clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Regulation S Global Certificate and may consider such interests as if such accountholders were the Holders of the Notes represented by the Regulation S Global Certificate.

***Optional Redemption*** The Subordinated Noteholders' option in Condition 6(b) (*Redemption at the Option of the Subordinated Noteholders*) may be exercised by the Holder of the Regulation S Global Certificate representing Subordinated Notes giving notice to the Principal Paying Agent of the principal amount of Subordinated Notes in respect of which the option is exercised and presenting the Regulation S Global

Certificate for endorsement of exercise within the time limit specified in Condition 6(b) (*Redemption at the Option of the Subordinated Noteholders*). The Subordinated Noteholders' and the Senior Noteholders' option in Condition 6(f) (*Redemption following Note Tax Event*) may be exercised by the Holder of the Regulation S Global Certificate representing Senior Notes or Subordinated Notes and Senior Noteholders' giving notice to the Principal Paying Agent of the principal amount of Senior Notes or Subordinated Notes in respect of which the option is exercised and presenting the Regulation S Global Certificate for endorsement of exercise within the time limits specified in Condition 6(f) (*Redemption following Note Tax Event*).

For so long as the Notes are represented by a Regulation S Global Certificate, the Calculation Agent will cause the Floating Rate of Interest and the Interest Amount applicable to the Senior Notes for each Accrual Period and Payment Date and the Principal Amount Outstanding of the Senior Notes as of the applicable Payment Date to be notified to Euroclear and Clearstream, Luxembourg as soon as possible after their determination but in no event later than the fourth Business Day thereafter.

## **BOOK-ENTRY CLEARANCE PROCEDURES**

The Issuer accepts responsibility for the accurate reproduction of the information set out below, which has been sourced from Euroclear or Clearstream, Luxembourg (as applicable). As far as the Issuer is aware and is able to ascertain from such information purchased by each of Euroclear or Clearstream, Luxembourg (as applicable), no facts have been omitted which would render this reproduced information inaccurate or misleading. In particular, such information is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg (together, the **Clearing Systems**) currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Trustee, the Initial Purchaser or any Agent 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 Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

### ***Book Entry Systems***

#### ***Euroclear and Clearstream, Luxembourg***

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customer are world-wide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system.

#### ***Transfers of Notes of Registered Notes***

Transfers of any interests in Notes represented by a registered Note within Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system.

## RATINGS OF THE NOTES

### General

It is a condition of the issue and sale of the Notes that the Senior Notes be issued with at least the following rating: "Aaa(sf)" from Moody's and AAA<sub>SF</sub> from Scope. The Subordinated Notes being offered hereby will not be rated.

Moody's ratings address the expected loss posed to investors by the legal final maturity. The Scope ratings reflect the expected loss associated with payments contractually promised by an instrument on a particular payment date or by its legal maturity.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the Rating Agency.

### Moody's Ratings

The ratings assigned to the Senior Notes by Moody's are based upon its assessment of the probability that the Collateral Debt Obligations will provide sufficient funds to pay each of the Senior Notes, based largely upon Moody's statistical analysis of historical default rates on debt obligations with various ratings, the asset and interest coverage required for the Senior Notes (which is achieved through the subordination of the Subordinated Notes), and the diversification requirements that the Collateral Debt Obligations are required to satisfy.

Moody's ratings address the expected loss posed to investors by the legal final maturity.

Moody's analyses of the likelihood that each Collateral Debt Obligation will default is based on historical default rates for similar debt obligations, the historical volatility of such default rates (which increases as securities with lower ratings are added to the portfolio) and an additional default assumption to account for future fluctuations in defaults. Moody's then determines the expected loss associated with the rating of the structured securities, taking into account the expected volatility of the default rate of the portfolio based on the level of diversification by region, obligor and industry. There can be no assurance that the actual default rates on the Collateral Debt Obligations held by the Issuer will not exceed the rates assumed by Moody's in its analysis.

In addition to these quantitative tests, Moody's ratings take into account qualitative features of a transaction, including the experience of the Collateral Manager, the legal structure and the risks associated with such structure and other factors that they deem relevant.

### Scope Ratings

The ratings assigned by Scope to the Senior Notes constitute a forward-looking opinion on the relative credit risks of the instrument. The ratings reflect the expected loss associated with payments contractually promised by the Senior Notes on a particular payment date or by their legal maturity. Scope factors in both the likelihood of a default on such payments and the loss severity expected upon default.

Scope's analysis considers the risks associated with the asset, counterparties and structure of the transaction by considering both quantitative and qualitative aspects affecting the credit risk of the rated instrument.

Scope takes into account among other elements the quality of asset origination, management of the assets, and incentives of the parties at stake. Scope's asset analysis incorporates default rate and recovery rate historical performance for similar debt obligations as well as stresses to account for fluctuations in performance under certain remote scenarios.



There can be no assurance that the actual credit performance of the Collateral Debt Obligations held by the Issuer will not exceed the rates assumed by Scope in its analysis.

## THE ISSUER

### Introduction

The Issuer was incorporated in England and Wales, as a public limited company on 7 February 2018 under the Companies Act 2006 with registered number 11192492. The registered office of the Issuer is 35 Great St. Helen's, London, EC3A 6AP. The phone number of the Issuer at its registered office is 020 7398 6300 and the facsimile number is 020 7398 6325.

The issued share capital of the Issuer comprises 50,000 ordinary shares of £1 each, of which 1 share is fully paid up and 49,999 shares are quarter-paid and all shares are held by Holdings (see the section "*Holdings*" below).

The Issuer has been established as a special purpose vehicle solely for the purpose of issuing asset backed notes. The Issuer has no subsidiaries and no employees. Barclays Bank PLC does not own directly or indirectly any of the share capital of Holdings or the Issuer.

Under the Companies Act 2006 (as amended), the Issuer's governing documents, including its principal objects, may be altered by a special resolution of shareholders.

Intertrust Management Limited (the **Corporate Services Provider**) will act as the corporate services provider for the Issuer. The office of the Corporate Services Provider serves as the general business office of the Issuer. Through the office and pursuant to the terms of the corporate services agreement entered into on 28 June 2018 between, amongst others, the Issuer and the Corporate Services Provider (the **Corporate Services Agreement**), the Corporate Services Provider performs various management functions on behalf of the Issuer, including the provision of certain clerical, reporting, accounting, administrative and other services until termination of the Corporate Services Agreement. In consideration of the foregoing, the Corporate Services Provider receives various fees and other charges payable by the Issuer at rates agreed upon from time to time plus expenses. The terms of the Corporate Services Agreement provide that either party may terminate the Corporate Services Agreement upon the occurrence of certain stated events, including any material breach by the other party of its obligations under the Corporate Services Agreement which is not remedied within 30 days of being required so to do. In addition, either party may terminate the Corporate Services Agreement at any time by giving no less than 30 days written notice to the other parties to the Corporate Services Agreement. No such termination (in either case) may take effect, however, until a substitute corporate services provider has been appointed.

The Issuer has not engaged, since its incorporation, in any material activities nor commenced operations other than those incidental to its registration as a public company under the Companies Act 2006 (as amended) and to the proposed issues of the Notes and the authorisation of the other Transaction Documents referred to in this Prospectus to which it is or will be a party and other matters which are incidental or ancillary to the foregoing. The Issuer has, and will have, no material assets other than the Collateral, the proceeds of its issued share capital, such fees (as agreed) payable to it in connection with the issue of the Notes. Save in respect of the fees generated in connection with the issue of Notes, any related profits and the proceeds of any deposits and investments made from such fees or from amounts representing the proceeds of the Issuer's issued share capital, the Issuer will not accumulate any surpluses. Save as disclosed herein, there has been no material adverse change in the financial position or prospects of the Issuer since the date of its incorporation. Save for the issues of Notes described above and their related arrangements, 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.

## **Directors and Company Secretary**

The Directors of the Issuer and their business addresses are as follows:

<b>Director</b>	<b>Address</b>	<b>Principal external activities</b>
Helena Whitaker	35 Great St. Helen's, London EC3A 6AP	Director
Intertrust Directors 1 Limited	35 Great St. Helen's, London EC3A 6AP	Director
Intertrust Directors 2 Limited	35 Great St. Helen's, London EC3A 6AP	Director

The Company Secretary is

Intertrust Corporate Services Limited of 35 Great St. Helen's, London EC3A 6P

As at the date of this Prospectus, statutory accounts have not yet been prepared or delivered to the Registrar of Companies on behalf of the Issuer. The accounting reference date of the Issuer is 31 December and the first statutory accounts of the Issuer will be prepared from the date of its incorporation to 31 December 2018.

## HOLDINGS

### Introduction

Holdings was incorporated in England and Wales on 7 February 2018 (registered number 11192251) as a private limited company under the Companies Act 2006. The registered office of Holdings is 35 Great St. Helen's, London, EC3A 6AP. The issued share capital of Holdings comprises 1 ordinary share of £1. Intertrust Corporate Services Limited (the **Original Share Trustee**) and together with any trustee (or trustee or any of them) for the time being appointed pursuant to the Share Trust Deed (the **Share Trustee**) holds the entire legal and beneficial interest in the issued share under a discretionary trust for discretionary purposes. Holdings holds the legal and the beneficial interest in the issued share capital of the Issuer.

Neither Barclays Bank PLC nor any company connected with Barclays Bank PLC can direct the Share Trustee and none of such companies has any control, direct or indirect, over Holdings or the Issuer.

Pursuant to the terms of its articles of association, Holdings is permitted, inter alia, to hold shares in the Issuer.

Holdings has not engaged since its incorporation in any material activities other than those activities incidental to the authorisation and implementation of the Transaction Documents referred to in this Prospectus to which it is or will be a party and other matters which are incidental or ancillary to the foregoing.

### Directors

The directors of Holdings and their respective business addresses and occupations are:

<u>Name</u>	<u>Business Address</u>	<u>Business Occupation</u>
Intertrust Directors 1 Limited	35 Great St. Helen's, London EC3A 6AP	Corporate Director
Intertrust Directors 2 Limited	35 Great St. Helen's, London EC3A 6AP	Corporate Director
Helena Whitaker	35 Great St. Helen's, London EC3A 6AP	Director

The company secretary of Holdings is Intertrust Corporate Services Limited whose principal office is at 35 Great St. Helen's, London EC3A 6AP.

The accounting reference date of Holdings is 31 December and the first statutory accounts of Holdings will be drawn up to 31 December 2018.

Holdings has no employees.

## BARCLAYS SERVICES LIMITED

### Introduction

*The information appearing in this section has been prepared by Barclays Services Limited. The Issuer has only made very limited queries with regards to the accuracy and completeness of such information. This information has been accurately reproduced from publicly available information identified by Barclays Services Limited and, so far as the Issuer is aware, no facts have been omitted which would render the reproduced information inaccurate or misleading.*

Barclays Services Limited (**ServCo**) is a private company with limited liability incorporated under the laws of England and Wales with registered number 01767980 and with its registered address at 1 Churchill Place, London, E14 5HP (telephone number +44 20 7623 2323). ServCo was incorporated on 7 November 1983 and on 7 February 2017, its name was changed from "Barclays Capital Services Limited" to "Barclays Services Limited".

The whole of the issued ordinary share capital of ServCo is legally and beneficially owned by Barclays PLC.

As part of a reorganisation of the Barclays Group in connection with certain prudential and conduct requirements including, without limitation, the ring-fencing of its deposit taking business, ServCo was established as a single group service company in September 2017 (using an existing entity as set out above) to provide business services to the Barclays Group. Barclays Group expects the majority of these services to be classified as critical for recovery and resolution planning purposed by the PRA and the Financial Stability Board. ServCo will carry out its functions through a number of wholly owned overseas branches and subsidiaries and will have approximately 60,000 employees globally.

Barclays has the right to assign, transfer or delegate its roles or functions under the Transaction Documents to ServCo. Notwithstanding any such assignment, transfer or delegation, Barclays Bank PLC or Barclays PLC (as the case may be) shall remain responsible for the performance of its obligations under the Transaction Documents at all time and shall not be released or discharged from its liability whatsoever.

The short term unsecured obligations of ServCo are rated A/A-1 by Standard & Poor's Credit Market Services Europe Limited. Neither Fitch nor Moody's has assigned a credit rating to ServCo.

Based on the Barclays Group's audited financial information for the year ended 31 December 2017, the Barclays Group had total assets of £1,129,343 million (2016: £1,213,955 million), total net loans and advances<sup>1</sup> of £401,762 million (2016: £436,417 million), total deposits<sup>2</sup> of £467,332 million (2016: £472,917 million), and total shareholders equity of £65,734 million (2016: £70,955 million) (including non-controlling interests of £1 million (2016: £3,522 million)). The profit before tax from continuing operations of the Barclays Group for the year ended 31 December 2017 was £3,166 million (2016: £4,383 million) after credit impairment charges and other provisions of £2,336 million (2016: £2,373 million). The financial information in this paragraph is extracted from the audited consolidated financial statements of Barclays Bank PLC for the year ended 31 December 2017.

## THE MANAGEMENT CRITERIA

*The following description consists of a summary of certain provisions of the Management Criteria which does not purport to be complete. Capitalised terms used in this section and not otherwise defined herein shall have the meaning given to them in the Index of Defined Terms.*

### **Acquisition of the beneficial interest in Collateral Debt Obligations**

The Collateral Manager will select and cause to be acquired by the Issuer the beneficial interest in a portfolio of Collateral Debt Obligations and their Related Security from the Vendor on the Acquisition Date pursuant to the provisions of the Vendor Trust Deed.

The proceeds of issue of the Notes remaining after payment of (a) the acquisition costs for the Collateral Debt Obligations acquired by the Issuer on the Acquisition Date (such amount to be deposited in the Principal Account pending such acquisition) and (b) certain fees, costs and expenses, if any, incurred in connection with the issue of the Notes and anticipated to be payable by the Issuer following completion of the issue of the Notes, will be deposited in the Principal Account on the Issue Date. The Issuer anticipates that, on the Acquisition Date, it will acquire the beneficial interest in Collateral Debt Obligations out of the Balance standing to the credit of the Principal Account so that the Aggregate Principal Balance of Collateral Debt Obligations equals the Target Par Amount on the Acquisition Date.

The Issuer does not expect and is not required to satisfy the Collateral Quality Tests and the Portfolio Profile Tests prior to the Acquisition Date.

Prior to or on the Closing Date, the independent certified public accountants appointed by the Issuer in accordance with the Collateral Management Agreement shall issue a report, referencing the Closing Portfolio Date, confirming details of the sum of the Aggregate Principal Balances of the Collateral Debt Obligations the beneficial interest in which has been acquired or committed to be acquired by the Issuer from the Vendor as at such date and the computations and results of the Portfolio Profile Tests, the Collateral Quality Tests and the Senior Par Value Test by reference to such Collateral Debt Obligations, copies of which shall be forwarded to the Issuer, the Trustee, the Collateral Manager, the Collateral Administrator and the Rating Agency (provided that, for the purposes of determining the Aggregate Principal Balance as provided above, any repayments or prepayments of any Collateral Debt Obligations subsequent to the date of acquisition shall be disregarded and the Principal Balance of a Collateral Debt Obligation which is a Defaulted Obligation will be its Moody's Collateral Value).

### **Eligibility Criteria**

The Issuer shall acquire a beneficial interest in certain senior loans in accordance with the Transaction Documents, each such Senior Loan being as identified by the Ca Id in the Vendor's books and records. Such Senior Loan may consist of multiple drawdowns (each represented by a Loan ID). Each such Senior Loan, comprised of one or more Loan Drawings, represents a Collateral Debt Obligation. Each Collateral Debt Obligation must, in each case at the time of the relevant Trust Date (and, in the case of all Collateral Debt Obligations the beneficial interest in which is acquired by the Issuer on or prior to the Issue Date, as at the Issue Date), satisfy the following Eligibility Criteria:

- (a) it is a Senior Loan or, to the extent delivered to the Issuer in respect of a Defaulted Obligation or received by the Issuer as a result of restructuring of the terms of a Collateral Debt Obligation in effect as of the later of the Issue Date and the date of issuance thereof, a debt security, which in either case is not subject to stamp taxes upon acquisition or transfer;
- (b) its Loan ID Currency is either EUR, USD or GBP and provides for a fixed payment of principal on or prior to the maturity date of such Collateral Debt Obligation;

- (c) it is an obligation of an Obligor or Obligors having its jurisdiction of incorporation in a Qualifying Country;
- (d) it is not at the time of acquisition of the beneficial interest in it, actually known by the Collateral Manager after making reasonable enquiries to be a Defaulted Obligation or a Credit Impaired Obligation;
- (e) it is not the subject of an offer of exchange, conversion or tender by its issuer, for cash, securities or any other type of consideration (other than for an obligation which is an eligible Collateral Debt Obligation meeting the Reinvestment Criteria or the Post-Reinvestment Period Criteria (as applicable));
- (f) a declaration of trust over the beneficial interest in it pursuant to the Vendor Trust Deed is capable of being declared without any breach of applicable selling restrictions or of any contractual provisions or of any legal or regulatory requirement and the Issuer does not require any authorisation, consents, approvals or filings (other than such as have been obtained or effected) as a result of or in connection with such declaration of trust under any applicable law;
- (g) it is an obligation in respect of which, following acquisition of the beneficial interest therein by the Issuer pursuant to the Vendor Trust Deed, (i) payments will not be subject to withholding tax imposed by any jurisdiction including where this is pursuant to the operation of an applicable tax treaty subject to the completeness of any procedural formalities or (ii) the Obligor is required to make "gross-up" payments to the Issuer that cover the full amount of any such withholding on an after-tax basis;
- (h) it has been assigned or otherwise has i) either (A) a Moody's Rating of at least "B3" or (B) a Moody's Rating Factor equal to or lower than "3490";
- (i) it is not a Zero Coupon Security;
- (j) it is an obligation that pays interest no less frequently than annually;
- (k) it is not an obligation in respect of which interest payments are scheduled to decrease (although interest payments may decrease due to unscheduled events such as a decrease of the index relating to a Floating Rate Collateral Debt Obligation, the change from a default rate of interest to a non-default rate, an improvement in the Obligor's financial condition, as a result of the satisfaction of contractual conditions set out in the relevant documentation for such obligation or amortisation of a Collateral Debt Obligation);
- (l) it is not an obligation pursuant to which future advances may be required to be made by the Issuer or if it is such an obligation the Issuer shall be under no obligation to provide such future advances. For the avoidance of doubt the drawn portion of a revolving credit facility which is included as a Collateral Debt Obligation shall satisfy this criterion;
- (m) it is not convertible into equity and is not Margin Stock as defined under Regulation U issued by The Board of Governors of the Federal Reserve System;
- (n) it is not a Synthetic Security;
- (o) it is not an Asset-Backed Security;
- (p) it is not a security whose repayment is subject to substantial non-credit related risk as determined by the Collateral Manager or to the non-occurrence of certain catastrophes or which is a catastrophe bond or a market value collateralised debt obligation;

- (q) it must require a majority consent of all lenders to the Obligor thereunder for any change in the principal repayment profile or interest applicable on such obligation, for the avoidance of doubt, excluding any changes originally envisaged in the loan documentation;
- (r) upon acquisition, the Collateral Debt Obligation is capable of being, and will be, the subject of a first priority security interest or other arrangement having a similar commercial effect in favour of the Trustee for the benefit of the Secured Parties pursuant to the Trust Deed (or any deed or document supplemental thereto);
- (s) it is not an obligation of a borrower who or which is not acting in the conduct of a business or profession;
- (t) it will not result in the imposition of any present or future, actual or contingent, monetary liabilities or obligations of the Issuer (which for the avoidance of doubt is the case for the drawn portion only of a revolving credit facility) other than those (i) which may arise at its option; or (ii) which are fully collateralised (which collateralisation may be by way of deposit of an amount with a third party and which must be in an amount which is not less than 100% of the Issuer's unfunded principal payment obligations in respect thereof); or (iii) which are owed to the loan agent bank in relation to the performance of its duties under such Collateral Debt Obligation; or (iv) which may arise as a result of an undertaking to participate in a financial restructuring of a Collateral Debt Obligation where such undertaking is contingent upon the redemption in full of such Collateral Debt Obligation and which does not provide for the Issuer to advance further monies pursuant to the terms of such restructuring on or before the time by which the Issuer is obliged to enter into the restructured Collateral Debt Obligation and where the restructured Collateral Debt Obligation satisfies the Eligibility Criteria;
- (u) it has a Stated Maturity that is not later than the Maturity Date;
- (v) it has a margin not less than the Minimum Margin;
- (w) it is not a security issued by the Collateral Manager or its Affiliates or a collateralised debt obligation managed or advised by the Collateral Manager or any of its Affiliates;
- (x) is not an asset that requires the Issuer to give a surety;
- (y) it is not a Project Finance Loan;
- (z) it is not a PIK Loan;
- (aa) it is not a Participation;
- (bb) it is not a DIP Loan;
- (cc) the Obligor is not a Bank;
- (dd) it is not a Leveraged Loan, provided however that the Collateral Manager may elect at any time in its sole and absolute discretion to disapply this restriction;
- (ee) it is not an obligation the Moody's Rating of which is mapped from Barclays Bank PLC pursuant to subparagraph (b)(ii) of the definition of Moody's Rating and which is on Watch List 1, unless such obligation is on Watch List 1 and the Moody's Rating of such obligation, determined in accordance with paragraph (b)(ii) of the definition of Moody's Rating, would be at least "B1", disapplying the deemed two rating sub-categories downgrade applied to obligations on Watch List 1 pursuant to paragraph (b)(ii) of the definition of Moody's Rating;



- (ff) it is not an obligation (i) the repayment of which is scheduled to take place after 14 July 2026 and (ii) which has a Moody's Rating of below "Ba3";
- (gg) its terms provide that all payments to be made by an Obligor under such Collateral Debt Obligation shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim; and
- (hh) it is an obligation, the contractual cash flows of which are recorded in the books and records of the Vendor as being "solely payments of principal and interest on the principal amount outstanding" as defined in and for the purposes of IFRS 9 "Financial Instruments" issued by the International Accounting Standards Board.

The subsequent failure of any Collateral Debt Obligation to satisfy any of the Eligibility Criteria shall not prevent any obligation which would otherwise be a Collateral Debt Obligation from being a Collateral Debt Obligation so long as such obligation satisfied the Eligibility Criteria when the Issuer acquired a beneficial interest in such obligation.

## **Management of the Portfolio**

### ***Overview***

The Collateral Manager is permitted, in certain circumstances and, subject to certain requirements and subject to the overall policies of the Issuer, to procure the relinquishment by the Issuer of the beneficial interest in Collateral Debt Obligations and to reinvest the Sale Proceeds thereof in acquiring the beneficial interest in Collateral Debt Obligations. For the avoidance of doubt, references herein and in the Transaction Documents to relinquishment by the Issuer of the beneficial interest in a Collateral Debt Obligation and re-acquisition by the Vendor of the beneficial interest in a Collateral Debt Obligation have the same meaning.

The Collateral Manager (on behalf of the Issuer) shall determine and shall provide confirmation of whether the Reinvestment Criteria or Post-Reinvestment Period Criteria (as applicable) which are required to be satisfied in connection with any such acquisition or reinvestment are satisfied or, if any such criteria are not satisfied, shall notify the Issuer.

The Collateral Manager will select and cause to be acquired by the Issuer the beneficial interest in Collateral Debt Obligations taking into account the Eligibility Criteria and will monitor the performance and credit quality of the Collateral Debt Obligations on an ongoing basis to the extent practicable using sources of information reasonably available to it and provided that the Collateral Manager shall not be responsible for determining whether or not the terms of any individual Collateral Debt Obligation have been observed.

### ***Mechanics of relinquishment and acquisitions of beneficial interests in Collateral Debt Obligations***

The Collateral Manager shall send to the Vendor and the Collateral Administrator (with a copy to the Issuer) in writing (which may include email) a written notice (a **New Portfolio Notice**) which shall specify the details of any Collateral Debt Obligation, selected pursuant to the "Priority Levels" provisions below, the beneficial interest in which is to be acquired by the Issuer. Upon receipt of a duly completed New Portfolio Notice the Vendor agrees pursuant to the provisions of the Vendor Trust Deed that it shall hold all its rights, title, benefit and interests in such Collateral Debt Obligations on trust absolutely for the Issuer and with and subject to all the trusts, powers and provisions of the Vendor Trust Deed.

Subject to the provisions of the Vendor Trust Deed and prior to the occurrence of certain events specified therein, the Collateral Manager (on behalf of the Issuer) may at any time request that the Vendor re-acquire or have released to it the beneficial interest in a Collateral Debt Obligation over which it has declared a trust in favour of the Issuer absolutely. The Vendor may at its absolute discretion (unless such request is made pursuant to Clause 7.7(a) of the Vendor Trust Deed) consent to such re-acquisition or release by delivery of

the relevant Collateral Debt Obligation Re-Acquisition Notice to the Collateral Manager (on behalf of the Issuer) duly countersigned by the Vendor.

The Collateral Manager shall not execute any transaction contemplated in a New Portfolio Notice where it has received instructions from the Issuer to the contrary.

***Sale of Assets pursuant to Volcker Rule***

The Collateral Manager on behalf of the Issuer will use its commercially reasonable efforts to effect the sale or other disposition, within a commercially reasonable timeframe, of any Collateral Debt Obligation the Issuer's continued ownership of which would, in the reasonable determination of the Collateral Manager (as determined in accordance with the provisions of the Collateral Management Agreement), cause the Issuer to be a "covered fund" under the Volcker Rule.

***Priority Levels***

A Collateral Debt Obligation that is to constitute a portion of a new portfolio shall be selected by the Collateral Manager in the order of priority of the Priority Levels from the Eligible Universe and subject to the Currency Priority Requirements.

The Collateral Manager will select new Loan IDs for Collateral Debt Obligations from the Eligible Universe for the replacement or change of Loan Drawings and associated Loan ID as a result of rebooking on an interest rate roll date and similar changes causing the creating of a new Loan ID consistent with paragraphs (a)(i) and (a)(ii) of the definition of Priority Level subject to its general duty of care to the Issuer.

***Relinquishment of the beneficial interest in Collateral Debt Obligations***

For the avoidance of doubt, other than in the case of a redemption of the Notes in full pursuant to Condition 6 (*Redemption and Purchase*) or Condition 9 (*Events of Default*), the Vendor will not be entitled to re-acquire the beneficial interest in any Collateral Debt Obligations after the end of the Reinvestment Period, save for Credit Impaired Obligations and Defaulted Obligations.

***Terms and Conditions applicable to the relinquishment of the beneficial interest in Credit Impaired Obligations***

The Collateral Manager may procure the relinquishment by the Issuer of the beneficial interest in Credit Impaired Obligations, in accordance with the provisions of the Vendor Trust Deed, at any time subject to:

- (a) the Collateral Manager's knowledge, no Event of Default having occurred which is continuing;
- (b) the Sale Proceeds in relation to the relinquishment by the Issuer of such Credit Impaired Obligation will be equal to or greater than the Principal Balance of such Credit Impaired Obligation;
- (c) during the Reinvestment Period, the Collateral Manager using all commercially reasonable efforts to reinvest (on behalf of the Issuer) such Sale Proceeds in Collateral Debt Obligations satisfying the Reinvestment Criteria; and
- (d) following the expiry of the Reinvestment Period, the Collateral Manager using all commercially reasonable efforts to procure the acquisition by the Issuer of the beneficial interest in Collateral Debt Obligations satisfying the Post-Reinvestment Period Criteria out of the Sale Proceeds of such Credit Impaired Obligations within 45 Business Days of receipt of such Sale Proceeds.

***Terms and Conditions applicable to the relinquishment of the beneficial interest in Defaulted Obligations***

The Collateral Manager may procure the relinquishment by the Issuer of the beneficial interest in Defaulted Obligations, pursuant to the provisions of the Vendor Trust Deed, at any time subject to:

- (a) the Collateral Manager's knowledge, no Event of Default having occurred which is continuing; and
- (b) the Collateral Manager certifying that it believes, in its reasonable business judgment, that such security constitutes a Defaulted Obligation.

The Sale Proceeds of Defaulted Obligations may only be reinvested during the Reinvestment Period and such reinvestment shall be subject to the Collateral Manager using all commercially reasonable efforts to procure the acquisition by the Issuer of the beneficial interest in Collateral Debt Obligations satisfying the Reinvestment Criteria out of the Sale Proceeds of such Defaulted Obligation within 45 days of receipt of such Sale Proceeds.

***Relinquishments during the Reinvestment Period***

During the Reinvestment Period only, the Collateral Manager may procure at any time the relinquishment by the Issuer of the beneficial interest in any Collateral Debt Obligation (other than a Credit Impaired Obligation or a Defaulted Obligation, each of which may only be sold in the circumstances provided above) and reinvest the Sale Proceeds thereof in the beneficial interest in one or more Collateral Debt Obligations, selected pursuant to the Priority Levels, pursuant to the Vendor Trust Deed and subject to:

- (a) no Event of Default having occurred which is continuing;
- (b) the Initial Ratings assigned by Moody's and Scope to the Senior Notes not having been reduced by one or more rating sub-categories or withdrawn, provided that this condition may be disapplied by the Senior Noteholders acting by Ordinary Resolution;
- (c) the Collateral Manager certifying that it believes, in its reasonable business judgment, that:
  - (i) the Sale Proceeds thereof may be reinvested in the beneficial interest in one or more Collateral Debt Obligations; and
  - (ii) after giving effect to such relinquishment and acquisition, the Reinvestment Criteria will be met;
- (d) the Collateral Administrator confirming that the aggregate of the Principal Balances (converted where applicable to GBP at the Initial FX Rate) of Collateral Debt Obligations (other than Credit Impaired Obligations, Defaulted Obligations, Leveraged Loan Criteria Removal Obligation) the beneficial interest in which was relinquished other than as a result of a prepayment during each successive rolling 12-month period from (and including) the 1st day of each month after the Acquisition Date to (but excluding) the succeeding anniversary of such date, does not exceed 30% of the Aggregate Collateral Balance, measured as at the beginning of each such 12-month period (or, in the case of the first such period, the Issue Date);
- (e) the Collateral Manager using all commercially reasonable efforts to procure the acquisition by the Issuer of the beneficial interest in Collateral Debt Obligations within 45 days of receipt of such Sale Proceeds; and
- (f) the Sale Proceeds in relation to the relinquishment by the Issuer of such Collateral Debt Obligation will be equal to or greater than the Principal Balance of such Collateral Debt Obligation.

### ***Sale of Collateral Prior to Maturity Date***

In the event of any redemption of the Notes in whole prior to the Maturity Date, or upon receipt of notification from the Trustee of the enforcement of the security over the Collateral or the purchase of the Notes of any Class by the Issuer, the Collateral Manager (acting on behalf of the Issuer) will (at the direction of the Trustee following the enforcement of such security), as far as practicable, arrange for liquidation of, or relinquishment of the beneficial interest in, the Collateral in order to procure that the proceeds thereof are in immediately available funds by the Business Day prior to the applicable Redemption Date or date of purchase and sell, or relinquish the beneficial interest in, all or part of the Portfolio, as applicable, without regard to the limitations set out in the Collateral Management Agreement, subject always to any limitations or restrictions set out in the Conditions of the Notes and the Trust Deed.

### ***Reinvestment in Collateral Debt Obligations***

#### ***During the Reinvestment Period***

During the Reinvestment Period, the Collateral Manager shall use its commercially reasonable efforts to procure the Issuer to reinvest all Principal Proceeds in the acquisition of the beneficial interest in Collateral Debt Obligations, selected pursuant to the Priority Levels, satisfying the Eligibility Criteria, in each case pursuant to the Vendor Trust Deed provided that immediately after each such acquisition, the Reinvestment Criteria must be satisfied.

#### ***Following the Expiry of the Reinvestment Period***

Following the expiry of the Reinvestment Period, only (a) Unscheduled Principal Proceeds and (b) Sale Proceeds from the relinquishment of the beneficial interest in Credit Impaired Obligations may be reinvested by the Issuer at any time in the beneficial interest in one or more Collateral Debt Obligations pursuant to the Vendor Trust Deed, selected pursuant to the Priority Levels, satisfying the Eligibility Criteria, in each case provided that immediately after each such purchase, the Post-Reinvestment Period Criteria are satisfied:

Following the expiry of the Reinvestment Period, any Unscheduled Principal Proceeds and any Sale Proceeds from the relinquishment of the beneficial interest in Credit Impaired Obligations that have not been reinvested as provided above prior to the end of the Due Period in which such proceeds were received shall be paid into the relevant Principal Account and disbursed in accordance with the Principal Proceeds Priority of Payment on the next following Payment Date (subject as provided at the end of this paragraph), save that the Collateral Manager may in its discretion procure that Unscheduled Principal Proceeds and Sale Proceeds from the relinquishment of any Credit Impaired Obligations are paid into the relevant Principal Account and designated for reinvestment in Collateral Debt Obligations, in which case such Principal Proceeds shall not be so disbursed in accordance with the Principal Proceeds Priority of Payments for so long as they remain so designated for reinvestment; provided that, in each case where any of the conditions in (a) through (h) above (inclusive) of the Post-Reinvestment Period Criteria are not satisfied as of the relevant Payment Date, all such funds shall be paid into the relevant Principal Account and disbursed in accordance with the Principal Proceeds Priority of Payments.

#### ***Scheduled Principal Proceeds***

During the Reinvestment Period, the Collateral Manager shall use all commercially reasonable efforts to procure the application of Scheduled Principal Proceeds to the acquisition by the Issuer of the beneficial interest in Collateral Debt Obligations pursuant to the Vendor Trust Deed satisfying the Eligibility Criteria and the Reinvestment Criteria prior to the end of the Due Period in which such Scheduled Principal Proceeds were received subject to, to the knowledge of the Issuer or the Collateral Manager, no Event of Default having occurred which is continuing.

After the expiry of the Reinvestment Period, any Scheduled Principal Proceeds shall be paid into the relevant Principal Account and disbursed in accordance with the Priorities of Payment.

***Unscheduled Principal Proceeds***

Subject to the Reinvestment Criteria or the Post-Reinvestment Period Criteria (as applicable), the Issuer may reinvest Unscheduled Principal Proceeds received at any time, subject to, to the knowledge of the Issuer or the Collateral Manager, no Event of Default having occurred that is continuing and shall use all commercially reasonable efforts to apply, and the Collateral Manager shall use commercially reasonable efforts to procure the application of, Unscheduled Principal Proceeds in the acquisition of the beneficial interest in Collateral Debt Obligations satisfying the Reinvestment Criteria or the Post-Reinvestment Period Criteria (as applicable) pursuant to the Vendor Trust Deed prior to the end of the Due Period in which such Unscheduled Principal Proceeds were recovered.

***Designation for Reinvestment***

The Reports will detail all Sale Proceeds and other Principal Proceeds which the Collateral Manager has designated for reinvestment on the next following Payment Date.

The Collateral Manager (acting on behalf of the Issuer) may, at its discretion, direct that the proceeds of relinquishment of the beneficial interest in any Collateral Debt Obligation which represents accrued interest be designated as Interest Proceeds and paid into the relevant Interest Account save for Purchased Accrued Interest.

***Currency of Collateral Debt Obligation***

The Collateral Manager (on behalf of the Issuer) shall, when acquiring (on behalf of the Issuer) the beneficial interest in Collateral Debt Obligations using Sale Proceeds and other Principal Proceeds standing to the credit of the Principal Account (or the relevant currency sub-account thereof), effect such acquisitions in accordance with the Currency Priority Requirements.

***Accrued Interest***

Amounts included in the Purchase Price of any Collateral Debt Obligation or any Eligible Investment comprising accrued interest thereon may be paid from the Principal Account at the discretion of the Collateral Manager (acting on behalf of the Issuer) but subject to the terms of the Collateral Management Agreement and Condition 2(m) (*Payments to and from the Accounts*). Notwithstanding the foregoing, in any Due Period, all payments of interest and proceeds of relinquishment or sale received during such Due Period in relation to any Collateral Debt Obligation or any Eligible Investment, in each case, to the extent that such amounts represent accrued interest in respect of such Collateral Debt Obligation or such Eligible Investment, which was purchased at the time of acquisition thereof with Principal Proceeds shall constitute "Purchased Accrued Interest" and shall be deposited into the Principal Account as Principal Proceeds.

***Block Trades***

The requirements described herein with respect to the Portfolio shall be deemed to be satisfied upon any relinquishment and/or acquisition of the beneficial interest in Collateral Debt Obligations on any day in the event that such Collateral Debt Obligations satisfy such requirements on such day in aggregate rather than on an individual basis.

***Eligible Investments***

The Issuer or the Collateral Manager (acting on behalf of the Issuer) may from time to time purchase Eligible Investments out of the Balances standing to the credit of the Principal Account, Interest Account and the

Interest Smoothing Account. For the avoidance of doubt, Eligible Investments may be sold by the Issuer or the Collateral Manager at any time.

***Margin Stock***

The Collateral Management Agreement requires that the Issuer shall relinquish the beneficial interest in any Collateral Debt Obligation which is or at any time becomes Margin Stock as soon as practicable following such event.

**Portfolio Profile Tests and Collateral Quality Tests**

***Measurement of Tests***

The Portfolio Profile Tests and the Collateral Quality Tests will be used primarily as the criteria for the acquisition by the Issuer of the beneficial interest in Collateral Debt Obligations. The Collateral Administrator will measure the Portfolio Profile Tests and the Collateral Quality Tests on each Measurement Date (save as otherwise provided herein).

The Portfolio Profile Tests and the Collateral Quality Tests must be satisfied after giving effect to the acquisition by the Issuer of the beneficial interest in any Collateral Debt Obligation after the Acquisition Date or, if not satisfied prior to such acquisition, the relevant thresholds and amounts calculated pursuant thereto must be maintained or improved after giving effect to such purchase.

For the purposes of calculating compliance with the Portfolio Profile Tests:

- (i) the Principal Balance of each Collateral Debt Obligation which is not denominated in GBP shall be converted to GBP at the Initial FX Rate; and
- (ii) the Principal Balance of the relevant category of obligations may be rounded up to the nearest GBP 1,000. Notwithstanding the foregoing, the failure of the Portfolio to meet the requirements of the Portfolio Profile Tests at any time shall not prevent any obligation which would otherwise be a Collateral Debt Obligation from being a Collateral Debt Obligation.

***Portfolio Profile Tests***

The Portfolio Profile Tests will consist of each of the following:

- (a) in relation only to Collateral Debt Obligations in respect of which the relevant Moody's Rating has been determined other than pursuant to subparagraph (b) of the definition of Moody's Rating below, in respect of such Collateral Debt Obligations which rank first to fourth (inclusive) on a descending scale of Obligor with the greatest Aggregate Principal Balance, the Aggregate Principal Balance of such Collateral Debt Obligations of a single Obligor may not be more than 2.5% of the Aggregate Collateral Balance, and:
  - (i) in the case of the next 3 Obligor which rank fifth to seventh (inclusive) on a descending scale of Obligor with the greatest Aggregate Principal Balance of such Collateral Debt Obligations, the Aggregate Principal Balance of such Collateral Debt Obligations of each such Obligor may constitute up to 2.0% of the Aggregate Collateral Balance; and
  - (ii) in the case of all other Obligor, the Aggregate Principal Balance of such Collateral Debt Obligations of each such Obligor may constitute up to 1.5% of the Aggregate Collateral Balance;

- (b) in relation only to Collateral Debt Obligations in respect of which the relevant Moody's Rating has been determined pursuant to subparagraph (b) of the definition of Moody's Rating below, the Aggregate Principal Balance of such Collateral Debt Obligations of a single Obligor may not be more than 1.5% of the Aggregate Collateral Balance, save that in the case of the 5 Obligors in respect of which there is the greatest Aggregate Principal Balance of such Collateral Debt Obligations, the Aggregate Principal Balance of such Collateral Debt Obligations of each such Obligor may constitute up to 2.0% of the Aggregate Collateral Balance;
- (c) not more than 0% of the Aggregate Collateral Balance may consist of Collateral Debt Obligations that are Discount Obligations;
- (d) not more than:
  - (i) 10% of the Aggregate Collateral Balance may be constituted by Collateral Debt Obligations in respect of which the jurisdiction of incorporation of the Obligor has a Moody's local currency country ceiling rating which is between "A1" (inclusive) and "A3" (inclusive); and
  - (ii) 15% of the Aggregate Collateral Balance may be constituted by Collateral Debt Obligations in respect of which the jurisdiction of incorporation of the Obligor has a Moody's local currency country ceiling rating which is below "Aaa",

provided there is no limit for Collateral Debt Obligations in respect of which the jurisdiction of incorporation of the Obligor is the United Kingdom.
- (e) not more than 5% of the Aggregate Collateral Balance may consist of Bridge Loans;
- (f) not more than 15% of the Aggregate Collateral Balance in each Qualifying Currency may consist of Collateral Debt Obligations which provide for the payment of interest in cash semi-annually;
- (g) not more than 2.5% of the Aggregate Collateral Balance in each Qualifying Currency may consist of Collateral Debt Obligations which provide for the payment of interest in cash annually;
- (h) not more than 7.5% of the Aggregate Collateral Balance may consist of Collateral Debt Obligations which are on Watch List 1;
- (i) the Aggregate Principal Balance of Collateral Debt Obligations of each Obligor in the same Moody's industry group in the Moody's industrial classification shall not be more than 25% of the Aggregate Collateral Balance provided that where Obligors have a BIC of 6594 (Non Specific Financial Holding Companies), 6597 (Private Investment Holding Company) or 7415 (Management Holding Companies) in the books and records of the Collateral Manager, the Collateral Manager will use the BIC of the main operating company (as determined by the Collateral Manager acting as a prudent lender) to reflect the industry sector of the underlying business of the Obligor. If no alternative BIC can be found, the Collateral Manager shall procure the relinquishment by the Issuer of the beneficial interests in such Collateral Debt Obligation; and
- (j) not more than 12.5% of the Aggregate Collateral Balance may consist of Collateral Debt Obligations which are Leveraged Loans.

The percentage and currency requirements applicable to different types of Collateral Debt Obligations specified in the Portfolio Profile Tests shall be determined by reference to the Aggregate Principal Balance of such type of Collateral Debt Obligations, excluding Defaulted Obligations.

### ***Collateral Quality Tests***

The Collateral Quality Tests will consist of each of the following:

- (a) so long as the Senior Notes are rated by Moody's and/or Scope and are Outstanding:
  - (i) the Moody's Maximum Weighted Average Rating Factor Test; and
  - (ii) the Moody's Minimum Weighted Average Recovery Rate Test; and
- (b) so long as any Notes are Outstanding:
  - (i) the Minimum Weighted Average Spread Test; and
  - (ii) the Weighted Average Maturity Test,

each as defined in the Collateral Management Agreement.

### ***The Moody's CDOROM™ Test***

The Moody's CDOROM™ Test (the **Moody's CDOROM™ Test**) will be performed by the Collateral Administrator (on behalf of the Issuer) on each Measurement Date in accordance with the following instructions, and the Collateral Manager and the Issuer will be notified of the results thereof.

- (a) Firstly, the Collateral Administrator will set up the Moody's Model as per Annex 1 and run the model (in GBP) for each Class of Senior Notes to determine the Indicative Model Rating and Tranche Life of each Cross Currency Support Tranche (the Primary Run).

For the avoidance of doubt, the Portfolio populated in the Moody's Model for any Primary Run will, for each Class of Senior Notes, consist only of Collateral Debt Obligations denominated in the same Qualifying Currency as the Class of Senior Notes for which the Moody's Model is being run.

The notional size of each Cross Currency Support Tranche will be determined as:

- (i) the Aggregate Principal Balance (converted into GBP at the Spot Rate as applicable) of the Collateral Debt Obligations denominated in the same Qualifying Currency as the Class of Senior Notes for which the Moody's Model is being run, multiplied by
  - (ii) the Cross Currency Support Tranche Detachment Point less the Cross Currency Support Tranche Attachment Point.
- (b) Secondly, the Collateral Administrator will:
    - (iii) add to the assets in the "Portfolio(s)" sheet of the Moody's Model for each Class of Senior Notes the Cross Currency Support Tranches of the other two Classes of Senior Notes using the below inputs for each such Cross Currency Support Tranche (such inputs will for the avoidance of doubt replace Moody's CDOROM™ Inputs 29 to 47 in Annex 1 for the purposes of such Cross Currency Support Tranche):
      - (A) Moody's CDOROM™ Input 29 (*Org Number*): leave blank;
      - (B) Moody's CDOROM™ Input 30 (*Reference Entity*): input a unique numerical value for each Cross Currency Support Tranche;



- (C) Moody's CDOROM™ Input 31 (*Parent Entity Name*): input a unique numerical value for each Cross Currency Support Tranche;
  - (D) Moody's CDOROM™ Input 32 (*Amount*): the notional size of such Cross Currency Support Tranche (in GBP) calculated under paragraph (1) above, multiplied by the Cross Currency Support Tranche Quality Factor;
  - (E) Moody's CDOROM™ Input 33 (*Rating*): the "Indicative Model Rating" as per the Primary Run for the relevant Class of Senior Notes;
  - (F) Moody's CDOROM™ Input 33b (*Notching*): "0";
  - (G) Moody's CDOROM™ Input 34 (*Seniority*): "SU";
  - (H) Moody's CDOROM™ Input 35 (*Industry*): the industry code having the largest exposure as per the Primary Run for the relevant Class of Senior Notes;
  - (I) Moody's CDOROM™ Input 36 (*Country*): "United Kingdom";
  - (J) Moody's CDOROM™ Input 44 (*Asset Weighted Average Life*): the Tranche Life as per the Primary Run for the relevant Class of Senior Notes;
  - (K) Moody's CDOROM™ Input 45 (*Var RR Modeling*): "FALSE";
  - (L) Moody's CDOROM™ Input 46 (*Digital/Mean RR %*): "0%"; and
  - (M) Moody's CDOROM™ Input 47 (*Add DP Stress*): leave blank
- (iv) subsequently run the Moody's Model for each Class of Senior Notes (the Secondary Run). The Moody's CDOROM™ Test is considered satisfied as at any Measurement Date from (and including) the Acquisition Date, if the Secondary Run for each of the Classes of Senior Notes result in a Moody's Metric of less than "1".

## Annex 1

### MOODY'S CDOROM™ MODEL INPUT VALUES TABLE

Moody's CDOROM™ M. Inputs	Value of the inputs/outputs (as described on the "Input Description" worksheet of Moody's CDOROM™ Model)
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1	Press the "run simulation" button once all the inputs below are filled in
2	Choose "synthetic CDO"
3	N/A
6	For the Primary Run: leave unchecked. For the Secondary Run: select and check "recovery rate overrides"
7	N/A – leave unchecked
8	N/A – leave unchecked
9	N/A – leave unchecked
10	Select and check "specific WAL per asset"

<b>Moody's CDOROM<sup>T</sup> M. Inputs</b>	<b>Value of the inputs/outputs (as described on the "Input Description" worksheet of Moody's CDOROM<sup>TM</sup> Model)</b>
11	N/A – leave unchecked
12	N/A – leave unchecked
13	Input “5,000,000”
14	“0%”
15	N/A
15b	Input the portfolio as-of-date
16	N/A – leave unchecked
17	Click “choose fields”, select “output to file” – leave unchecked
20	N/A
20b	For the Primary Run: the “notional size” is the relevant Cross Currency Support Tranche, calculated as: <ul style="list-style-type: none"> <li>(i) the Aggregate Principal Balance of the Collateral Debt Obligations (in GBP) under Moody's CDOROM<sup>TM</sup> Input 32 below (the <i>CDOROM<sup>TM</sup> Portfolio Balance</i>), multiplied by;</li> <li>(ii) the Cross Currency Support Tranche Detachment Point less the Cross Currency Support Tranche Attachment Point</li> </ul> For the Secondary Run: the “notional size” is the outstanding notional amount (converted into GBP at the Spot Rate as applicable) of the Class of Senior Notes for which the Moody's Model is being run
21	N/A
21b	For the Primary Run: the “ <i>CE (Currency)</i> ” is calculated as (i) the CDOROM <sup>TM</sup> Portfolio Balance, multiplied by (ii) the respective Cross Currency Support Tranche Attachment Point  For the Secondary Run: the “ <i>CE (Currency)</i> ” is calculated as (A) the sum of (i) the CDOROM <sup>TM</sup> Portfolio Balance, and (ii) the aggregate notional size of the Cross Currency Support Tranches added to the Portfolio under 2(a)(iv) above, less (B) the outstanding notional amount of the relevant Class of Senior Notes (converted into GBP at the Spot Rate as applicable)
23	Leave blank
24	Leave blank
25	Select and check “Tranche WAL Override”. Input “CapAtPf”
26	N/A – do not modify
29	Leave blank
30	Input Loan ID
31	Input MSD ID
32	For each Collateral Debt Obligation (denominated in the same Qualifying Currency as the Class of Senior Notes for which the Moody's Model is being run), input the Principal Balance (converted into GBP at the Spot Rate as applicable)
33	Input “rating” of the Obligor as per Moody's Rating Factor Table

<b>Moody's CDOROM<sup>T</sup> M. Inputs</b>	<b>Value of the inputs/outputs (as described on the "Input Description" worksheet of Moody's CDOROM<sup>TM</sup> Model)</b>
---	---

33b	Input notching value as per Moody's Rating Factor Table
34	Input "SU"
35	Enter the industry code for the Obligor (classification in Table C1 of the "RefData" tab) for each Collateral Debt Obligation
36	Input country of incorporation code of the Obligor for each Collateral Debt Obligation
44	Enter the weighted average life of each Collateral Debt Obligation (in years)
45	Leave blank
46	Leave blank
47	Leave blank
100	Select "currency"

## Annex 2

### MOODY'S METRIC TABLE

Moody's Rating	IG/NIG	Moody's Metrics Lower Limit (exclusive)	Moody's Metrics Upper Limit (inclusive)
Aaa	IG	0	1
Aa1	IG	1	2
Aa2	IG	2	3
Aa3	IG	3	4
A1	IG	4	5
A2	IG	5	6
A3	IG	6	7
Baa1	IG	7	8
Baa2	IG	8	9
Baa3	IG	9	10
Ba1	NIG	10	11
Ba2	NIG	11	12
Ba3	NIG	12	13
B1	NIG	13	14
B2	NIG	14	15
B3	NIG	15	16
Caa1	NIG	16	17
Caa2	NIG	17	18
Caa3	NIG	18	19
Ca	NIG	19	20
C	NIG	19	20

#### *The Moody's Maximum Weighted Average Rating Factor Test*

The Moody's Maximum Weighted Average Rating Factor Test will be satisfied as at any Measurement Date from (and including) the Acquisition Date, if the Moody's Weighted Average Rating as at such Measurement Date is equal to or less than 1350.

The **Moody's Weighted Average Rating** is determined by summing the products obtained by multiplying the Principal Balance of each Collateral Debt Obligation, excluding Defaulted Obligations, by its Moody's Rating Factor, dividing such sum by the Aggregate Principal Balances of all such Collateral Debt Obligations, excluding Defaulted Obligations, and rounding the result up to the nearest whole number.

The **Moody's Rating Factor** is the number set forth under the heading "Rating Factor" in the Moody's Rating Factor Table below opposite the Moody's Rating or such other rating factor as may be notified to the Collateral Manager by Moody's from time to time or as derived from the Barclays Scale – TTC DG in the mapping table in accordance with subparagraph (b)(ii) of the Moody's Rating definition.

#### **Moody's Rating Factor Table**

Rating	Rating Factor	Rating	Rating Factor
Aaa	1	Ba2	1350
Aa1	10	Ba2 – 0.5 notch	1544
Aa2	20	Ba3	1766
Aa3	40	Ba3 – 0.5 notch	1980

A1	70	B1	2220
A2	120	B1 – 0.5 notch	2457
A2 – 0.5 notch	147	B2	2720
A3	180	B2 – 0.5 notch	3081
A3 – 0.5 notch	216	B3	3490
Baa1	260	B3 – 0.5 notch	4080
Baa2	360	Caa1	4770
Baa3	610	Caa2	6500
Baa3 – 0.5 notch	757	Caa3	8070
Ba1	940	Ca/C	10000
Ba1 – 0.5 notch	1126		

***The Moody's Minimum Weighted Average Recovery Rate Test***

The **Moody's Minimum Weighted Average Recovery Rate Test** will be satisfied, as at any Measurement Date from (and including) the Issue Date, if the Weighted Average Moody's Recovery Rate is greater than or equal to 35%.

The **Weighted Average Moody's Recovery Rate** means as of any Measurement Date, the number, expressed as a percentage, obtained by summing the products obtained by multiplying the outstanding Principal Balance of each Collateral Debt Obligation (excluding Defaulted Obligations) by its corresponding Moody's Recovery Rate and dividing such sum by the Aggregate Principal Balance (excluding Defaulted Obligations) and rounding to the nearest 0.1%, provided that if Moody's confirms in writing that the Moody's Recovery Rate for a particular class of Collateral Debt Obligations or a particular Collateral Debt Obligation shall be greater than indicated in the Collateral Management Agreement, such higher Moody's Recovery Rate shall be used.

The **Moody's Recovery Rate** means in respect of each Collateral Debt Obligation, the Moody's recovery rate determined in accordance with the Collateral Management Agreement or as so advised by Moody's.

***The Minimum Weighted Average Spread Test***

The **Minimum Weighted Average Spread Test** will be satisfied if, as at any Measurement Date from (and including) the Acquisition Date the Weighted Average Spread as at such Measurement Date equals or exceeds 1.5%.

The **Weighted Average Spread** as of any Measurement Date will equal a fraction (expressed as a percentage) equal to:

- (a) the product obtained by multiplying:
  - (i) the Principal Balance (excluding Purchased Accrued Interest) of each Collateral Debt Obligation (converted into GBP where necessary at the Initial FX Rate); by
  - (ii) the current rate per annum at which such Collateral Debt Obligation pays interest in excess of LIBOR or EURIBOR or similar base rate applicable in a Qualifying Currency as designated by the underlying loan agreement for the Collateral Debt Obligation, as applicable;
 divided by
- (b) the aggregate of the Principal Balances (excluding Purchased Accrued Interest) referred to in subparagraph (a)(i) above (converted into GBP where necessary at the Initial FX Rate).

For the purposes of calculating the Minimum Weighted Average Spread in respect of Collateral Debt Obligations which pay a fixed rate of interest, the applicable rate to be used under (a)(ii) above shall be equal to:

- (i) the current fixed rate at which such Collateral Debt Obligation pays interest; less
- (ii) the current Floating Rate of Interest applicable to the Class of Senior Notes denominated in the same currency as the relevant Collateral Debt Obligation.

For the purposes of calculating the Weighted Average Spread, any Collateral Debt Obligation that is a Defaulted Obligation shall be excluded.

***The Weighted Average Maturity Test***

The **Weighted Average Maturity Test** means a test which will be satisfied as at any Measurement Date from (and including) the Acquisition Date, if the Portfolio Weighted Average Maturity is on or before the Payment Date in July 2023.

The **Portfolio Weighted Average Maturity** is determined by summing the products obtained by multiplying the Principal Balance of each Collateral Debt Obligation (converted into GBP where necessary at the Initial FX Rate), excluding Defaulted Obligations, by its Stated Maturity, and dividing such sum by the Aggregate Principal Balance (converted into GBP where necessary at the Initial FX Rate).

For the purposes of calculating the Weighted Average Maturity, any Collateral Debt Obligation that is a Defaulted Obligation shall be excluded.

**The Senior Par Value Test**

The Senior Par Value Test will be used primarily to determine whether interest may be paid on the Subordinated Notes and whether Principal Proceeds may be reinvested in Collateral Debt Obligations, or whether Interest Proceeds which would otherwise be used to pay interest on the Subordinated Notes must instead be used to pay principal of the Senior Notes.

The Senior Par Value Test for a Class of Notes shall be satisfied on any Measurement Date following the Issue Date if the Senior Par Value Ratio is at least equal to 118%.

## DESCRIPTION OF THE COLLATERAL MANAGEMENT AGREEMENT

*The following description of the Collateral Management Agreement consists of a summary of certain provisions of the Collateral Management Agreement which does not purport to be complete and is qualified by reference to the detailed provisions of such agreement. Capitalised terms used in this section and not otherwise defined herein shall have the meaning given to them in the Index of Defined Terms.*

### **The Collateral Manager**

The collateral management functions described herein will be performed by the Collateral Manager pursuant to authority granted to the Collateral Manager by the Issuer under the Collateral Management Agreement. The Collateral Manager will perform certain collateral management and related functions, including without limitation, in connection with the investment and reinvestment in Collateral Debt Obligations and performing any related administrative functions and the hedging arrangements in each case, in the manner and on the terms of the Collateral Management Agreement. The Collateral Manager has agreed to perform the collateral management and related functions described therein.

### **Collateral Management Fees**

As agreed in the Collateral Management Agreement, the Collateral Manager will be paid, for services rendered and for the performance of its obligations under the Collateral Management Agreement subject to and in accordance with the Priorities of Payment, (i) a senior management fee as agreed between the Issuer and the Collateral Manager from time to time (the **Senior Management Fee**), and (ii) a subordinated management fee as agreed between the Issuer and the Collateral Manager from time to time (the **Subordinated Management Fee**).

The Collateral Manager may, subject to the terms of the Collateral Management Agreement and in respect of any Payment Date, waive payment of the Senior Management Fee and/or the Subordinated Management Fee in whole or in part in its absolute discretion, which it intends to do on or about the Issue Date. Each of the Senior Management Fee and the Subordinated Management Fee is inclusive of VAT.

### **Removal and Resignation of the Collateral Manager**

#### ***Removal for Cause***

Subject to the appointment of a successor Collateral Manager in accordance with the Collateral Management Agreement, the Collateral Manager shall be removed for Cause upon 30 days' prior written notice by the Trustee at the direction of the holders of the Senior Notes and the Subordinated Notes, each acting by Extraordinary Resolution (in each case excluding any Notes held by the Collateral Manager or its Affiliates or any fund, partnership, trust, company or other entity under management by the Collateral Manager or its Affiliates). For the purposes of the removal of the Collateral Manager under the Collateral Management Agreement, **Cause** means:

- (a) fraud in respect of the Collateral Manager or in the event that the Collateral Manager wilfully violated, wilfully breached, or took any action which it knew was in breach of any material provision of the Collateral Management Agreement;
- (b) breach by the Collateral Manager in any respect of any provision of the Collateral Management Agreement, the Trust Deed or any other Transaction Document to which it is a party, as are applicable to it which (i) has a material adverse effect on the Issuer or the Noteholders of any Class and (ii) if capable of being cured, is not cured within 30 days of the Collateral Manager becoming aware of, or receiving notice from, the Issuer or the Trustee of, such breach;

- (c) failure of any representation, warranty, certification or statement made or delivered by the Collateral Manager in or pursuant to the Collateral Management Agreement, the Trust Deed or any other Transaction Document to which it is a party, to be correct in any material respect when made and such failure (i) has a material adverse effect on the Issuer or the Noteholders of any Class and (ii) no correction is made for a period of 30 days after the Collateral Manager becoming aware of, or its receipt of notice from the Issuer or the Trustee of, such failure;
- (d) the Collateral Manager is wound up or dissolved or there is appointed over it or a substantial part of its assets a receiver, administrator, administrative receiver, trustee or similar officer; or the Collateral Manager (i) ceases to be able to, or admits in writing that it is unable to pay its debts as they become due and payable, or makes a general assignment for the benefit of, or enters into any composition or arrangement with, its creditors generally; (ii) applies for or consents (by admission of material allegations of a petition or otherwise) to the appointment of a receiver, trustee, assignee, custodian, liquidator or sequestrator (or other similar official) of the Collateral Manager or of any substantial part of its properties or assets, or authorises such an application or consent, or proceedings seeking such appointment are commenced against the Collateral Manager without such authorisation, consent or application and either continue undismissed for 60 days or any such appointment is ordered by a court or regulatory body having jurisdiction; (iii) authorises or files a voluntary petition in bankruptcy, or applies for or consents (by admission of material allegations of a petition or otherwise) to the application of any bankruptcy, reorganisation, arrangement, readjustment of debt, insolvency, dissolution, or similar law, or authorises such application or consent, or proceedings to such end are instituted against the Collateral Manager without such authorisation, application or consent and remain undismissed for 60 days or result in adjudication of bankruptcy or insolvency or the issuance of an order for relief; or (iv) permits or suffers all or any substantial part of its properties or assets to be sequestered or attached by court order and the order (if contested in good faith) remains undismissed for 60 days;
- (e) the occurrence of any event which under the laws of any jurisdiction has a similar or analogous effect to any of those events mentioned in paragraph (d) above;
- (f) the occurrence of an Event of Default which is a direct consequence of the actions or omissions of the Collateral Manager;
- (g) the occurrence of an act by the Collateral Manager that constitutes fraud or criminal activity in the performance of its obligations under the Collateral Management Agreement or its other investment management activities, or the Collateral Manager being found guilty of having committed a criminal offence related to the management of investments similar in nature and character to those which comprise the Collateral;
- (h) the Collateral Manager ceases to be authorised such that, as a result of such change, the Collateral Manager no longer has the legal or regulatory capacity to perform its obligations as Collateral Manager in accordance with the Collateral Management Agreement; or
- (i) the Collateral Manager breaches any law or regulation applicable to the performance of its obligations or its provision of collateral management services under the Collateral Management Agreement or any agreement or deed in relation to the Notes and such breach has a material adverse effect on any Class of Noteholders or on the ability of the Collateral Manager to perform its obligations under the Collateral Management Agreement or any other Transaction Documents and the Collateral Manager fails to cure such breach within 30 days after either notice of such failure is given to the Collateral Manager or the Collateral Manager has actual knowledge of such breach, whichever is earlier.



### ***Static Portfolio***

Notwithstanding any other provisions of the Collateral Management Agreement, upon the occurrence of:

- (a) a breach of any applicable requirements of the Management Criteria and the continuation of such breach for a period of 30 days; or
- (b) Barclays Bank PLC being replaced as Collateral Manager,

the Collateral Manager shall not be entitled to make relinquishments in respect of Collateral Debt Obligations or acquisitions of Substitute Collateral Debt Obligations on behalf of the Issuer.

### ***Notes held by Collateral Manager***

On the Issue Date, the Collateral Manager and/or one or more of its Affiliates will purchase the Notes.

Other than as provided above, neither the Collateral Manager nor any of its Affiliates, are under any obligation to retain any of the Notes purchased on the Issue Date.

### ***Resignation by the Collateral Manager***

The Collateral Manager may resign (i) at any time upon 60 days' prior written notice to the Issuer, the Collateral Administrator, the Rating Agencies and the Trustee or (ii) at any time if, due to a change in applicable law or regulation, the performance by the Collateral Manager of its duties under the Collateral Management Agreement would be a violation of such law or regulation provided that the Collateral Manager shall notify the Issuer, the Trustee, the Collateral Administrator and the Rating Agencies of such change as soon as reasonably practicable after it has notice of such change coming into effect.

### ***Successor Collateral Manager***

In the event that the Collateral Manager has resigned or been removed as described above, the Trustee shall at the direction of the holders of the Senior Notes and the Subordinated Notes each acting by way of Ordinary Resolution, use reasonable endeavours to appoint a successor Collateral Manager.

The appointment of a successor Collateral Manager is subject to (collectively, the **Successor Conditions**)

- (a) the prior consent of:
  - (i) the Issuer; and
  - (ii) the holders of the Subordinated Notes, acting by Ordinary Resolution, of such proposed successor within 21 days of notice of such proposed appointment thereto;
- (b) the proposed successor Collateral Manager:
  - (i) being legally qualified and having the regulatory capacity as a matter of English law to act as Collateral Manager including offering portfolio management services to United Kingdom residents; and
  - (ii) not causing the Issuer to become chargeable to taxation in a jurisdiction (other than the United Kingdom) in which the proposed successor Collateral Manager is resident or in which it carries out its duties pursuant to the terms of the Transaction Documents,
- (c) the Issuer not becoming an investment company under the Investment Company Act as a result of such appointment;

- (d) the successor Collateral Manager agreeing in writing to assume all of the Collateral Manager's duties and obligations under the Collateral Management Agreement and each other Transaction Document to which it is a party for so long as the Notes are outstanding; and
- (e) all necessary regulatory consents and approvals having been obtained.

The Issuer will notify the Rating Agency of the appointment of a successor Collateral Manager.

The fees payable to a successor Collateral Manager from payments on the Collateral without receipt of consent from the Senior Noteholders by an Extraordinary Resolution not be greater than the Senior Management Fee or the Subordinated Management Fee, as the case may be, paid to the Collateral Manager. If the Senior Management Fee and the Subordinated Management Fee payable to a successor Collateral Manager are greater than the aggregate of such fees paid to the Collateral Manager, the prior written consent of holders of the Subordinated Notes, acting by Ordinary Resolution (excluding those Subordinated Notes held by the Collateral Manager, its Affiliates, their respective directors, officers and employees and/or any fund, partnership, trust, company or other entity with respect to which it acts as collateral manager) shall be obtained. Upon termination of the appointment of the Collateral Manager as specified under the Collateral Management Agreement, all authority and power of the Collateral Manager under the Collateral Management Agreement, whether with respect to the Collateral or otherwise, shall automatically and without action by any person or entity pass to and be vested in the successor Collateral Manager upon the appointment thereof.

Should the Issuer and the holders of the Subordinated Notes, acting by Ordinary Resolution, fail to agree on the appointment of a successor Collateral Manager within 21 Business Days of notice of such proposed appointment thereto, no further relinquishments in respect of Collateral Debt Obligations or acquisitions of Substitute Collateral Debt Obligations shall occur until a successor Collateral Manager is appointed.

### ***No Voting Rights***

Any Notes held by, for the benefit of, for the account of or on behalf of the Collateral Manager and/or its Affiliates and/or any directors, officers or employees of the Collateral Manager, their respective Affiliates or any fund, partnership, trust, company or other entity with respect to which it acts as collateral manager will have no voting rights with respect to any vote (or written direction or consent) in connection with the removal of the Collateral Manager and will be deemed not to be Outstanding in connection with any such vote; provided, however, that any Notes held by the Collateral Manager, or its Affiliates, will have voting rights (including in respect of written directions and consents) with respect to all other matters as to which Noteholders are entitled to vote in accordance with the Collateral Management Agreement.

### ***Liability of Collateral Manager***

The Collateral Manager will agree in the Collateral Management Agreement to perform its obligations under the Collateral Management Agreement in good faith, with reasonable judgement and, subject to the terms and conditions of the Collateral Management Agreement, to perform its obligations thereunder:

- (a) in the best interests of the Issuer;
- (b) in a manner consistent with practices and procedures:
  - (i) generally followed by reputable, prudent international investment banks who act as collateral managers and which are managing assets of the nature and character similar to those comprised in the Portfolio; and
  - (ii) used by it (and its Affiliates) to manage Collateral Debt Obligations of the nature and character of those comprised in the Portfolio, and

- (c) with a level of skill and attention no less than that which the Collateral Manager exercises in the ordinary course of its business in respect of similar Collateral Debt Obligations which it manages on a proprietary basis for itself and for its Affiliates (including if of a higher or more rigorous standard than the standard provided in paragraph (b) above).

Subject to the preceding sentence and where not less than the foregoing, the Collateral Manager will follow its customary standards, policies and procedures in performing its duties under the Collateral Management Agreement. The Collateral Manager is exempted from liability arising out of or in connection with the performance of its duties under the Collateral Management Agreement except by reason of acts or omissions constituting fraud, bad faith, wilful misconduct or negligence of the Collateral Manager.

### ***Assignment and Delegation***

The Collateral Manager may not assign or transfer its rights or obligations under the Collateral Management Agreement unless the assignee or transferee is a Permitted Assignee and either (a) such assignment or transfer is to an Affiliate of the Collateral Manager or (b) such assignment or transfer is consented to by (i) the Issuer and (ii) the holders of the Senior Notes and the Subordinated Notes each acting by Ordinary Resolution.

A **Permitted Assignee**, for the purposes of the Collateral Management Agreement, means an entity that (i) has demonstrated (or has officers and employees that have demonstrated) an ability to professionally and competently perform duties similar to those imposed upon the Collateral Manager, as the case may be, under the Collateral Management Agreement, (ii) is legally qualified and has the regulatory capacity to act as Collateral Manager under the Collateral Management Agreement, (iii) does not result in the Issuer becoming chargeable to taxation in the jurisdiction in which the assignee or transferee is resident or in which it carries out the duties which are assigned or transferred to it other than the United Kingdom and (iv) agrees in writing to assume all of the Collateral Manager's duties and obligations under the Collateral Management Agreement and each other Transaction Document to which the Collateral Manager is party. No assignment or transfer of the Collateral Manager's responsibilities under the Collateral Management Agreement will relieve the Collateral Manager of any liability previously incurred thereunder.

The Collateral Manager may delegate the performance of its obligations under the Collateral Management Agreement to any of its Affiliates (including for the avoidance of doubt, to ServCo), provided, however, that (a) the Collateral Manager will remain responsible for the provision of the services to be provided under the Collateral Management Agreement and will not be relieved of any of its duties or obligations under the Collateral Management Agreement as a result of such delegation and will be responsible for all acts and omissions of any such Affiliates as if such acts or omissions were its own; and (b) the Collateral Manager will be solely responsible for any fees and expenses payable to any such Affiliate.

Notwithstanding the above, Barclays has the right, at any time, to assign, transfer or delegate any or all of its roles or functions (or parts thereof) under the Transaction Documents (including without limitation, all or part of the servicing of the Collateral Debt Obligations under the Collateral Management Agreement or otherwise) (each a **Transferring Role**) to one or more Barclays Reorganisation Affiliates in connection with a Barclays Regulatory Reorganisation, without the consent of or notification to any party. For the avoidance of doubt, to the extent a Transferring Role has transferred to a Barclays Reorganisation Affiliate, (a) the Collateral Manager will remain responsible for the provision of the services to be provided under the relevant Transaction Document and will not be relieved of any of its duties or obligations under the relevant Transaction Document as a result of such transfer or delegation and will be responsible for all acts and omissions of any such Barclays Reorganisation Affiliate as if such acts or omissions were its own; (b) Barclays is responsible for ensuring that any such Barclays Reorganisation Affiliate is legally qualified and has the regulatory capacity to act under the relevant Transaction Document and does not result in the Issuer becoming chargeable to taxation in the jurisdiction in which the Barclays Reorganisation Affiliate is resident or in which it carries out the duties which are assigned or transferred to it other than the United Kingdom and

(c) the Collateral Manager will be solely responsible for any fees and expenses payable to any such Barclays Reorganisation Affiliate.

### ***The Collateral Administrator***

The Collateral Administrator will perform certain administrative matters and related functions, including without limitation, the preparation of the Reports, in the manner and on the terms of the Collateral Management Agreement.

### ***Fees of the Collateral Administrator***

The Issuer has agreed to pay, and the Collateral Administrator is entitled to receive, as compensation for the Collateral Administrator's performance of the duties called for in the Collateral Management Agreement, the fees and expenses set out in the letter between the Issuer and the Collateral Administrator, which fees are payable quarterly in arrear on each Payment Date in accordance with the Priorities of Payment. If on any Payment Date there are insufficient funds to pay such fees in full, the amount not so paid will be deferred and will be payable on such later Payment Date on which any funds are available therefor or paid out of the Expense Reserve Account.

### ***Removal and Resignation of the Collateral Administrator***

#### ***Removal Without Cause***

Subject to the appointment of a successor Collateral Administrator, the Collateral Administrator may be removed without cause at any time upon not less than 45 days' prior written notice by the Issuer or the Trustee acting upon the written direction of the holders of a majority in Principal Amount Outstanding of the Subordinated Notes, to the Collateral Administrator copied to the Issuer or Trustee (as applicable), the Collateral Manager and to the Noteholders in accordance with the Conditions.

#### ***Removal With Cause***

Subject to the appointment of a successor Collateral Administrator, the Collateral Administrator may be removed forthwith with Cause by (a) the Issuer or (b) the Trustee at its discretion or acting upon the written direction of the holders of a majority in Principal Amount Outstanding of each of the Senior Noteholders and the Subordinated Notes, upon prior written notice to the Collateral Administrator copied to the Issuer or Trustee (as applicable) and the Collateral Manager and to the Noteholders in accordance with the Conditions. No such termination or removal will be effective (i) until the date on which a successor Collateral Administrator agrees in writing to assume all of the Collateral Administrator's duties pursuant to the Collateral Management Agreement and (ii) so long as any Notes shall be Outstanding, unless written notice thereof shall have been given by or on behalf of the Issuer to the Noteholders in accordance with the Conditions and to the Rating Agency. For purposes of the removal of the Collateral Administrator under the Collateral Management Agreement, Cause means any one of the following events:

- (a) the Collateral Administrator shall default in the performance of any of its material duties under the Collateral Management Agreement and shall not cure such default within 30 days of having actual knowledge of the occurrence of such default (or, if such default cannot be cured in such time, shall not give within 30 days such assurance of cure as shall be reasonably satisfactory to the Trustee);
- (b) a court having jurisdiction shall enter a decree or order for relief in respect of the Collateral Administrator in any involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appoint a receiver, liquidator, assignee, custodian, trustee,

sequestrator (or similar official) of the Collateral Administrator or for any substantial part of its property, or order the winding-up or liquidation of its affairs; or

- (c) the Collateral Administrator shall commence a voluntary case under applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of the Collateral Administrator or for any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due.

### ***Resignation***

Subject to the appointment of a successor Collateral Administrator, the Collateral Administrator may resign (without being responsible for any liabilities incurred as a result of such resignation) without cause upon not less than 45 days' prior written notice, and with Cause forthwith upon written notice, to the Issuer, the Trustee and the Collateral Manager, provided, however, that no such resignation will be effective until the date on which a successor Collateral Administrator agrees in writing to assume all of the Collateral Administrator's duties pursuant to the Collateral Management Agreement.

### ***Appointment of Successor***

No removal or resignation of the Collateral Administrator will be effective until the date as of which a successor Collateral Administrator reasonably acceptable to the Issuer, the Trustee and the Collateral Manager shall have agreed in writing to assume all of the Collateral Administrator's duties and obligations pursuant to the Collateral Management Agreement. Upon the termination of appointment of the Collateral Administrator or upon the removal or resignation of the Collateral Administrator, the Collateral Manager on behalf of the Issuer will use its best efforts to appoint a successor Collateral Administrator, provided, however, that if within 45 days of the resignation of the Collateral Administrator, the Collateral Manager on behalf of the Issuer has not appointed a successor to the Collateral Administrator, the Collateral Administrator may itself appoint a successor Collateral Administrator and upon such appointment becoming effective, the resignation of the existing Collateral Administrator shall be effective.

### ***Liability of the Collateral Administrator***

The Collateral Administrator will have no responsibility under the Collateral Management Agreement other than to render the services called for thereunder without fraud, wilful misconduct or negligence hereunder. The Collateral Administrator will incur no liability to anyone in acting upon any signature, instrument, statement, notice, resolution, request, direction, consent, order, certificate, report, opinion, bond or other document or paper believed by it to be genuine and believed by it to be properly executed or signed by the proper party or parties. The Collateral Administrator may exercise any of its rights or powers hereunder or perform any of its duties hereunder either directly or by or through agents or attorneys. Neither the Collateral Administrator nor any of its Affiliates, directors, officers, employees, shareholders and agents will be liable to the Collateral Manager, the Issuer or the other parties hereto, except by reason of acts or omissions constituting fraud, wilful misconduct or negligence of the Collateral Administrator's duties thereunder.

## THE RETENTION REQUIREMENTS

### **EU Retention Requirements**

The transaction pursuant to the issuance of the Notes is not intended to comply with the EU Retention Requirements.

### **U.S. Risk Retention Rules**

The Collateral Manager does not intend to retain at least 5 per cent. of the credit risk of the Issuer, but rather intends to rely on an exemption provided for in Section \_\_.20 of the U.S. Risk Retention Rules regarding non U.S. transactions that meet certain requirements. See "*Risk Factors – Regulatory Initiatives – Risk Retention and Due Diligence*".

## THE COLLATERAL MANAGER

*The information appearing in this section has been prepared by the Collateral Manager. The Issuer has only made very limited queries with regards to the accuracy and completeness of such information. This information has been accurately reproduced from publicly available information identified by Barclays Bank PLC and, so far as the Issuer is aware, no facts have been omitted which would render the reproduced information inaccurate or misleading.*

Barclays Bank PLC is a public limited company registered in England and Wales under number 1026167. The liability of the members of Barclays Bank PLC is limited. It has its registered head office at 1 Churchill Place, London, E14 5HP, United Kingdom (telephone number +44 (0)20 7116 1000). Barclays Bank PLC was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, Barclays Bank was re-registered as a public limited company and its name was changed from “Barclays Bank International Limited” to “Barclays Bank PLC”.

Barclays Bank PLC and its subsidiary undertakings (taken together, the “**Barclays Group**”) is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC, which is the ultimate holding company of the Barclays Group.

The short term unsecured obligations of Barclays Bank PLC are rated A-1 by Standard & Poor's Credit Market Services Europe Limited, P-1 by Moody's Investors Service Ltd., S-1+ by Scope Ratings GmbH and F1 by Fitch Ratings Limited and the long-term obligations of Barclays Bank PLC are rated A- by Standard & Poor's Credit Market Services Europe Limited, A2 by Moody's Investors Service Ltd., A+ by Scope Ratings GmbH and A by Fitch Ratings Limited.

Based on the Barclays Group's audited financial information for the year ended 31 December 2017, the Barclays Group had total assets of £1,129,343 million (2016: £1,213,955 million), total net loans and advances<sup>1</sup> of £401,762 million (2016: £436,417 million), total deposits<sup>2</sup> of £467,332 million (2016: £472,917 million), and total shareholders equity of £65,734 million (2016: £70,955 million) (including non-controlling interests of £1 million (2016: £3,522 million)). The profit before tax from continuing operations of the Barclays Group for the year ended 31 December 2017 was £3,166 million (2016: £4,383 million) after credit impairment charges and other provisions of £2,336 million (2016: £2,373 million). The financial information in this paragraph is extracted from the audited consolidated financial statements of Barclays Bank PLC for the year ended 31 December 2017.

<sup>1</sup> Total net loans and advances include balances relating to both bank and customer accounts.

<sup>2</sup> Total deposits include deposits from bank and customer accounts.]

## DESCRIPTION OF THE REPORTS

*The following description of the Reports consists of a summary of such Reports which does not purport to be complete and is qualified by reference to the detailed provisions of the Collateral Management Agreement.*

*Capitalised terms used in this section and not otherwise defined herein shall have the meaning given to them in the Index of Defined Terms.*

Each Monthly Report shall be prepared by the Collateral Administrator on behalf of the Issuer not later than the tenth Business Day following the third Business Day of each month (excluding any month in which a Payment Date Report has been prepared) commencing in August 2018 and each Payment Date Report shall be prepared by the Collateral Administrator on behalf of the Issuer not later than the tenth Business Day following the relevant Determination Date.

The Reports will contain the following information:

### **Monthly Report**

#### ***Portfolio***

- (a) the Aggregate Principal Balance of the Collateral Debt Obligations;
- (b) the Aggregate Principal Balance of the Collateral Debt Obligations denominated in each of U.S. Dollars, Euro and Sterling;
- (c) subject to any confidentiality obligations binding on the Issuer, in respect of each Collateral Debt Obligation, its Principal Balance, Stated Maturity, Obligor's place of incorporation, Moody's Rating Factor, MSD ID, Loan ID, Loan ID Currency, Market Value, Purchase Price, the spread or interest rate, Moody's Rating (other than any confidential credit estimate), Moody's industrial classification group, whether the applicable Obligor is on outlook positive or negative by Moody's, and whether such Collateral Debt Obligation has a Moody's Rating determined pursuant to paragraph (a) of the definition of Moody's Rating;
- (d) subject to any confidentiality obligations binding on the Issuer, the Trust Payment of each Collateral Debt Obligation the beneficial interest in which was acquired by the Issuer and in which the Issuer has granted a security interest to the Trustee, and the Vendor Re-acquisition Amount of each Collateral Debt Obligation the beneficial interest in which was relinquished by the Issuer since the date of determination of the last Monthly Report and whether the beneficial interest in such Collateral Debt Obligation was acquired from or re-acquired by an Affiliate of the Collateral Manager;
- (e) subject to any confidentiality obligations binding on the Issuer, the Aggregate Principal Balance of Collateral Debt Obligations which were upgraded or downgraded since the most recent Monthly Report and of which the Collateral Manager has actual knowledge;
- (f) the Aggregate Principal Balance of Collateral Debt Obligations (other than Credit Impaired Obligations and Defaulted Obligations) the beneficial interest in which was relinquished other than as a result of a prepayment during each successive rolling 12-month period from (and including) the 1st day of each month after the Issue Date to (but excluding) the succeeding anniversary of such date, as a percentage of the Aggregate Collateral Balance, measured as at the beginning of each such 12-month period (or, in the case of the first such period, the Issue Date) and converted to GBP at the Initial FX Rate;



- (g) the details of all Sale Proceeds and Principal Proceeds which the Collateral Manager has designated for reinvestment on the next following Payment Date, which such amounts shall not constitute Principal Proceeds which are to be paid into the relevant Payment Account and disbursed on such Payment Date in accordance with the Priorities of Payment;
- (h) subject to any confidentiality obligations binding on the Issuer, the identity of each Collateral Debt Obligation which became a Defaulted Obligation since the date of determination of the last Monthly Report and the identity and Principal Balance of each CCC Obligation.

***Accounts***

The Balances standing to the credit of each of the Accounts.

***Senior Par Value Test and Collateral Quality Tests***

- (a) a statement as to whether the Senior Par Value Test is satisfied and details of the Senior Par Value Ratio for each of the Class A1 Senior Notes, the Class A2 Senior Notes and the Class A3 Senior Notes;
- (b) the Weighted Average Maturity and a statement as to whether the Weighted Average Maturity Test is satisfied;
- (c) the Weighted Average Spread and a statement as to whether the Minimum Weighted Average Spread Test is satisfied;
- (d) so long as the Senior Notes are rated by Moody's and are Outstanding, the Moody's Weighted Average Rating and a statement as to whether the Moody's Maximum Weighted Average Rating Factor Test is satisfied; and
- (e) so long as the Senior Notes are rated by Moody's and are Outstanding, the Weighted Average Moody's Recovery Rate and a statement as to whether the Moody's Minimum Weighted Average Recovery Rate Test is satisfied.

***Portfolio Profile Tests***

In respect of each Portfolio Profile Test, a statement as to whether such test is satisfied, together with the result of the calculations required to be made in order to make such determination.

***Moody's CDOROM<sup>TM</sup> Test***

A statement as to whether the Moody's CDOROM<sup>TM</sup> Test is satisfied, together with the result of the calculations required to be made in order to make such determination.

***Eligibility Criteria Election by the Collateral Manager***

The Collateral Manager may elect in its sole and absolute discretion to disapply the restriction set out in paragraph (ee) of the Eligibility Criteria.

**Payment Date Report**

***Monthly Report Information***

- (a) the information required in respect of each Monthly Report.

### ***Portfolio***

- (a) the Aggregate Principal Balance of the Collateral Debt Obligations as of the close of business on such Determination Date, after giving effect to (A) Principal Proceeds received on the Collateral Debt Obligations with respect to the related Due Period and the reinvestment of such Principal Proceeds in Substitute Collateral Debt Obligations during such Due Period and (B) the relinquishment of the beneficial interest in any Collateral Debt Obligations during such Due Period;
- (b) the information in (a) above but in respect of the Collateral Debt Obligations denominated in each of U.S. Dollars, Euro and Sterling;
- (c) subject to any confidentiality obligations binding on the Issuer, a list of the Collateral Debt Obligations indicating the Principal Balance and MSD ID of each.

### ***Notes***

- (a) the Principal Amount Outstanding of the Notes of each Class and such aggregate amount as a percentage of the original aggregate Principal Amount Outstanding of the Notes of such Class at the beginning of the Accrual Period, the amount of principal payments to be made on the Notes of each Class on the related Payment Date, and the aggregate amount of the Notes of each Class Outstanding and such aggregate amount as a percentage of the original aggregate amount of the Notes of such Class Outstanding after giving effect to the principal payments, if any, on the next Payment Date; and
- (b) the interest payable in respect of each Class of Notes (as applicable) on the related Payment Date (in the aggregate and by Class).

### ***Payment Date Payments***

- (a) the amounts payable pursuant to the Interest Proceeds Priority of Payments and the Principal Proceeds Priority of Payments; and
- (b) the Trustee Fees and Expenses, the amount of any Collateral Management Fees and Administrative Expenses payable on the related Payment Date, in each case, on an itemised basis.

### ***Accounts***

- (a) the Balance standing to the credit of the Interest Account at the end of the related Due Period;
- (b) the Balance standing to the credit of the Principal Account at the end of the related Due Period;
- (c) the Balance standing to the credit of the Interest Account immediately after all payments and deposits to be made on the next Payment Date;
- (d) the Balance standing to the credit of the Principal Account immediately after all payments and deposits to be made on the next Payment Date;
- (e) the amounts payable from the Interest Account (through a transfer to the Payment Account) pursuant to the Priorities of Payment on such Payment Date;
- (f) the amounts payable from the Principal Account (through a transfer to the Payment Account) pursuant to the Priorities of Payment on such Payment Date; and
- (g) the Balance standing to the credit of each of the other Accounts at the end of the related Due Period.

### **Additional content required in each Report**

Each Monthly Report and Payment Date Report shall state that it is for informational purposes only, that certain information included in the report is estimated, approximated or projected and that the report is provided without any representations or warranties as to accuracy or completeness and that none of the Collateral Manager, the Issuer, the Trustee or the Collateral Administrator will have any liability for such estimates, approximations or projections.

The Collateral Manager may, from time to time, include in the Reports such additional information in respect of the Portfolio as it may determine, including to meet any reporting requirements of a central bank, from time to time.

Nothing in any of the foregoing shall oblige the Issuer or the Collateral Manager to disclose, whether directly or indirectly, any information held under an obligation of confidentiality.

The Collateral Manager shall in each Report confirm, for each Class of Notes, the aggregate amount held by Barclays Group (including any amounts sold to third parties under repurchase agreements or other comparable secured financing type transactions).

## DESCRIPTION OF THE VENDOR TRUST DEED

*The following description of the Vendor Trust Deed consists of a summary of certain provisions of the Vendor Trust Deed which does not purport to be complete and is qualified by reference to the detailed provisions of such agreement. Capitalised terms used in this section and not otherwise defined herein shall have the meaning given to them in the Index of Defined Terms.*

### **Vendor Trust Deed**

#### ***The Vendor and Vendor Trusts***

The Vendor will from time to time declare trusts (each a **Vendor Trust**) over the Trust Assets in favour of the Issuer absolutely pursuant to the terms of the Vendor Trust Deed entered into on the Issue Date between, *inter alia*, the Vendor, the Issuer and the Trustee.

The Portfolio subject to the Vendor Trust will be held on trust by the Vendor in its capacity as Vendor Trustee in favour of the Issuer absolutely.

See "*Vendor Power of Attorney*" below in respect of defaults by the Vendor in performing its obligations in relation to the Vendor Trust Deed and certain specified events in relation to that Vendor which will enable the Issuer to utilise the Vendor Power of Attorney.

#### ***Vendor Power of Attorney***

The Vendor will, in connection with the creation of its Vendor Trusts, grant to the Issuer an irrevocable power of attorney (the **Vendor Power of Attorney**) to secure the performance by the Vendor of its obligations under the Vendor Trust Deed. The Vendor Power of Attorney will entitle the Issuer (or the Collateral Manager on its behalf or the Trustee) to enforce the Trust Assets subject to the Vendor Trust in the name of the Vendor after the occurrence of a Power of Attorney Event (as defined in the Vendor Trust Deed). The Vendor Power of Attorney will contain provisions authorising the Issuer, the Collateral Manager on behalf of the Issuer and the Trustee to the exercise of the powers thereunder.

#### ***Declarations of trust by the Vendor over Collateral Debt Obligations and Related Security***

The Portfolio will consist of the Collection Account and Collateral Debt Obligations and their Related Security which are subject to the Vendor Trusts from time to time in accordance with the terms of the Vendor Trust Deed. The types of Collateral Debt Obligations comprising the Portfolio subject to the Vendor Trusts will vary over time provided that, at the time a trust is declared over the relevant Collateral Debt Obligations in favour of the Issuer absolutely, the Eligibility Criteria (as described below) in respect of such Collateral Debt Obligations are met on the relevant Trust Date.

The Issuer will acquire a beneficial interest in the Collateral Debt Obligations and their Related Security pursuant to declarations of trust by the Vendor in the three circumstances described below, in each case, by making a Trust Payment in respect of such Collateral Debt Obligations and their Related Security to the Vendor.

First, the Issuer shall apply the proceeds of the issue of the Notes on the Issue Date to acquire a beneficial interest in those Trust Assets over which a trust is being declared on the Issue Date. In exchange for the declarations of trust over such Trust Assets in favour of the Issuer absolutely, the Vendor will receive the first Trust Payment.

Second, on the Acquisition Date, the Issuer shall apply the proceeds of the issue of the Notes on the Issue Date, which, on the Issue Date, were deposited into the Principal Account, to acquire a beneficial interest in

Trust Assets over which a trust is being declared on the Acquisition Date. In exchange for the declarations of trust over such Collateral Debt Obligations in favour of the Issuer absolutely, the Vendor will receive the related Trust Payment.

Third, the Issuer may use amounts standing to the credit of the Principal Account to acquire a beneficial interest in Substitute Collateral Debt Obligations and Collateral Debt Obligations and their Related Security pursuant to a declaration of trust from the Vendor on a Trust Date.

The Vendor may also re-acquire or have released to it the beneficial interest in Collateral Debt Obligations and their Related Security that are subject to the Vendor Trust in the circumstances described below under *Re-acquisition of the beneficial interest in Collateral Debt Obligations*.

***Representations and warranties***

On the relevant Trust Date, certain representations and warranties will be given by the Vendor in respect of the Collateral Debt Obligations and their Related Security over which the Vendor has declared a trust in favour of the Issuer absolutely.

Neither the Issuer nor the Trustee has made or has caused to be made on its behalf any enquiries, searches or investigations in respect of the Collateral Debt Obligations and their Related Security to be held under the Vendor Trust. Instead, each is relying entirely on the representations and warranties by the Vendor contained in the Vendor Trust Deed. The parties to the Vendor Trust Deed may, with the prior written consent of the Trustee, amend the representations and warranties in the Vendor Trust Deed. A copy of the Vendor Trust Deed will be available for inspection at the registered office of the Issuer.

***Re-acquisition of the beneficial interest in Collateral Debt Obligations***

Subject to the conditions precedent specified in Clause 7.3 of the Vendor Trust Deed, if the Vendor receives a Collateral Debt Obligation Re-Acquisition Notice from the Collateral Manager on behalf of the Issuer identifying a Collateral Debt Obligation in the Portfolio over which it has declared a trust in favour of the Issuer which does not, as at the relevant Trust Date, materially comply with the representations and warranties set out in the Vendor Trust Deed, then the relevant Vendor will be required to re-acquire or have released to it the beneficial interest in any such Collateral Debt Obligation and its Related Security. The Vendor Re-acquisition Amount payable upon the re-acquisition of the beneficial interest in any Collateral Debt Obligation and Related Security in such circumstances will be an amount equal to the relevant Trust Payment paid by the Issuer in respect of such Collateral Debt Obligation and Related Security being re-acquired. The re-acquisition proceeds will be paid to the Issuer under the Vendor Trust Deed and will be applied in accordance with the Conditions.

The Vendor may with the consent of the Issuer (or the Collateral Manager on behalf of the Issuer) from time to time re-acquire or have released to it the beneficial interest in a Collateral Debt Obligation and its Related Security over which it has previously declared a trust in favour of the Issuer. The Vendor Re-acquisition Amount payable by the Vendor in relation to any such discretionary re-acquisition or release shall be an amount as agreed between the Collateral Manager (on behalf of the Issuer) and the Vendor.

However, the Vendor will not be entitled to re-acquire or have released to it (or seek to make an offer to re-acquire) the Issuer's beneficial interest in any Collateral Debt Obligation and its Related Security if an Insolvency Event in relation to it has occurred and is continuing. Any re-acquisition by or release to the relevant Vendor of the Issuer's beneficial interest in any relevant Collateral Debt Obligations and Related Security shall be deemed to include the following representations and warranties by the relevant Vendor as of the date of the delivery of the relevant notice to the Issuer (which will also be deemed to be repeated by the relevant Vendor as at the date of completion of any re-acquisition):

- (a) that no Insolvency Event has occurred in relation to it which is continuing;

- (b) that as regards the re-acquisition or release:
  - (i) it is not influenced by a desire to give a preference to any person as contemplated by Section 286 of the Companies Act, 1963 or Section 239 of the Insolvency Act (as applicable) nor to put any of its property, undertaking or assets beyond the reach of any of its creditors;
  - (ii) it is not influenced by a desire to improperly dispose of any of its property with the effect of perpetrating a fraud on itself, its creditors or members as contemplated by Section 139 of the Companies Act, 1990 or Section 423 of the Insolvency Act (as applicable); and
- (c) it is satisfied that the delivery of the notice and the re-acquisition or the release has been and will be made in good faith, with full and fair equivalence of consideration, that the re-acquisition will be on an arm's length basis and that the appropriate commercial benefit will accrue to it.

***Governing Law***

The Vendor Trust Deed and any non-contractual obligations arising out of or in connection with it are governed by English law.

## SUBSCRIPTION AND SALE

*The following description consists of a summary of certain provisions of the Subscription Agreement which does not purport to be complete and is qualified by reference to the detailed provisions of such agreement. Capitalised terms used in this section and not otherwise defined herein shall have the meaning given to them in the Index of Defined Terms.*

Barclays Bank PLC (in its capacity as initial purchaser and as placement agent, which includes without limitation, its successors in title, permitted assigns and permitted transferees the **Initial Purchaser**) has agreed with the Issuer, subject to the satisfaction of certain conditions, pursuant to the Subscription Agreement, to subscribe and pay for each of the Notes at the issue price of 100%. The Initial Purchaser may offer the Senior Notes at other prices as may be negotiated at the time of sale. The Subscription Agreement entitles the Initial Purchaser to terminate it in certain circumstances prior to payment being made to the Issuer.

The Collateral Debt Obligations were originated by the Initial Purchaser. In addition, the Initial Purchaser may have in the past performed and may in the future perform investment banking services or other services for issuers of the Collateral Debt Obligations. In addition, the Initial Purchaser and its Affiliates may from time to time as a principal or through one or more investment funds that it or they manage, make investments in the equity securities of one or more of the Obligors of the Collateral Debt Obligations, with a result that one or more of such Obligors may be or may become controlled by the Initial Purchaser or its Affiliates (See further "*Certain Conflicts of Interest between the Various Parties*" at 13.1 of the section entitled "*Risk Factors*" in the Prospectus).

No action has been or will be taken by the Issuer or the Initial Purchaser that would permit a public offering of the Notes or possession or distribution of this Prospectus or any other offering material in relation to the Notes in any jurisdiction where action for the purpose is required. No offers, sales or deliveries of any Notes, or distribution of this Prospectus or any other offering material relating to the Notes, may be made in or from any jurisdiction, except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligations on the Issuer or the Initial Purchaser.

The Notes may not be purchased by any person except for persons that are not Risk Retention U.S. Persons. Purchasers and transferees of the Notes, including beneficial interests therein, will be deemed and in certain circumstances will be required to have made certain representations and agreements, including that each purchaser or transferee (a) is not a Risk Retention U.S. Person, (b) is acquiring such Notes for its own account and not with a view to distribute such Notes and (c) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section\_\_20 of the U.S. Risk Retention Rules). Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of U.S. person under Regulations S. Certain investors may be required by the Collateral Manager to execute a written certification of representation letter in respect of their status under the U.S. Risk Retention Rules.

### ***United States***

The Notes have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or to or for the account or benefit of a U.S. Person except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act and in the manner so as not to require the registration of the Issuer as an "investment company" pursuant to the Investment Company Act.

The Issuer has been advised by the Initial Purchaser that the Initial Purchaser will resell the Notes only (a) outside the United States to non-U.S. Persons in offshore transactions in reliance on Regulation S and (b) in accordance with all applicable securities laws of any state of the United States and other appropriate jurisdictions.

The Initial Purchaser has acknowledged and agreed that it will not offer, sell or deliver any Regulation S Notes as part of its distribution at any time or otherwise until 40 days after the later of the commencement of the offering of the Notes and the issue date of the Notes (the **Distribution Compliance Period**) within the United States or to, or for the account or benefit of, U.S. Persons, and it will have sent, to each distributor, dealer or person receiving a selling concession, fee or other remuneration to which it sells the Notes during the Distribution Compliance Period a confirmation or other notice setting forth the prohibition on offers and sales of the Notes within the United States or to, or for the account or benefit of, any U.S. Person.

Until the expiration of the Distribution Compliance Period, an offer or sale of the Notes within the United States by any distributor may violate the registration requirements of the Securities Act. Terms used in this section that are defined in Regulation S under the Securities Act are used as defined therein. The Initial Purchaser has also agreed to comply with the following selling restrictions:

***Ireland***

The Initial Purchaser has represented, warranted and agreed that it has not offered, sold, placed or underwritten and will not offer, sell, place or underwrite the Notes, or do anything in Ireland in respect of the Notes, otherwise than in conformity with the provisions of:

- (i) the Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) and any Central Bank of Ireland (**Central Bank**) rules issued and / or in force pursuant to Section 1363 of the Companies Act 2014;
- (ii) the Companies Act 2014;
- (iii) the European Communities (Markets in Financial Instruments) Regulations 2017 (as amended, the **MiFID II Regulations** including, without limitation, Regulation 5 (Requirement for authorisation (and certain provisions concerning multilateral trading platforms and organised trading facilities)) thereof, or any rules or codes of conduct made under the MiFID II Regulations, and the provisions of the Investor Compensation Act 1998 (as amended) and it will conduct itself in accordance with any rules or codes of conduct and any conditions or requirements, or any other enactment, imposed or approved by the Central Bank;
- (iv) Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, the European Union (Market Abuse) Regulations 2016 and any Central Bank rules issued and / or in force pursuant to Section 1370 of the Companies Act 2014; and
- (v) the Central Bank Acts 1942 to 2015 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989.



### ***Prohibition of Sales to EEA Retail Investors***

The Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or
- (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

### ***United Kingdom***

The Initial Purchaser has represented, warranted and agreed that:

- (i) 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 Financial Services and Markets Act 2000 (as amended) (the **FSMA**)) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### ***General***

The Initial Purchaser has represented, warranted and agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor the Trustee shall have any responsibility therefor.

Neither the Issuer nor the Trustee represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

Because of the preceding restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

## UNITED KINGDOM TAXATION

*The following is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue and Customs' practice relating only to the United Kingdom withholding tax treatment of payments of interest and of annual payments (as each term is understood for United Kingdom tax purposes) in respect of Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.*

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. Euronext Dublin is a recognised stock exchange. The Notes will satisfy this requirement if they are officially listed in Ireland in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Global Exchange Market of Euronext Dublin. Provided, therefore, that the Notes are and remain so listed on a "recognised stock exchange", interest on the Notes will be payable without deduction of or withholding on account of United Kingdom tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the basic rate (currently 20%), subject to any other available exemptions and reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

An amount may also be required to be withheld from payments on the Subordinated Notes that are not interest, but are nevertheless treated as annual payments for United Kingdom tax purposes, on account of United Kingdom income tax at the basic rate. However, the duty to withhold does not apply if at the time the payment is made the Issuer, and any person by or through whom the payment is made, reasonably believes that the person beneficially entitled to the payment is either a United Kingdom resident company or a company that is required to bring the payment into account in calculating its profits subject to United Kingdom corporation tax, unless HMRC has given a direction that this exemption does not apply. Where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

### **Foreign Account Tax Compliance Act**

Pursuant to FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom and Ireland) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes

characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

Each Noteholder may be required to provide certifications and identifying information about itself and its owners (or beneficial owners) in order to enable the Issuer (or an intermediary) to identify and report on the Noteholder and certain of the Noteholder's direct and indirect U.S. beneficial owners to the IRS or an applicable tax authority. Further, the Noteholder will be required to permit the Issuer to share such information with the relevant taxing authority.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

## TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

Each purchaser of the Notes will represent and agree or will be deemed to have represented and agreed, as the case may be, as follows:

1. If such Notes are purchased during the Distribution Compliance Period, (a) the purchaser is outside the United States, is not a U.S. Person and is acquiring the Notes in an offshore transaction meeting the requirements of Rule 903 or Rule 904 of Regulation S and in a principal amount of not less than the applicable minimum denomination requirement.
2. If such Notes are purchased during the initial syndication of the Notes, (a) the purchaser is not a Risk Retention U.S. Person, (b) it is acquiring such Notes for its own account and not with a view to distribute such Notes and (c) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section .20 of the U.S. Risk Retention Rules described in *"Risk Factors – Regulatory Initiatives – Risk Retention and Due Diligence"*.
3. In connection with the purchase of the Notes: (a) none of the Issuer, the Initial Purchaser, the Trustee, the Collateral Manager or the Collateral Administrator is acting as a fiduciary or financial or investment manager for the purchaser; (b) the purchaser is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Issuer, the Initial Purchaser, the Trustee, the Collateral Manager or the Collateral Administrator other than in this Prospectus for such Notes and any representations expressly set forth in a written agreement with such party; (c) none of the Issuer, the Initial Purchaser, the Trustee, the Collateral Manager or the Collateral Administrator has given to the purchaser (directly or indirectly through any other person) any assurance, guarantee or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) as to an investment in the Notes; (d) the purchaser has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisors to the extent it has deemed necessary, and it has made its own investment decisions (including decisions regarding the suitability of any transaction pursuant to the Trust Deed) based upon its own judgment and upon any advice from such advisors as it has deemed necessary and not upon any view expressed by the Issuer, the Initial Purchaser, the Trustee, the Collateral Manager or the Collateral Administrator; (e) the purchaser has evaluated the rates, prices or amounts and other terms and conditions of the purchase and sale of the Notes with a full understanding of all of the risks thereof (economic and otherwise), and it is capable of assuming and willing to assume (financially and otherwise) those risks; and (f) the purchaser is a sophisticated investor.
4. Each beneficial owner of Subordinated Notes, if it owns more than 50 per cent. of the Subordinated Notes by value or is otherwise treated as a member of the Issuer's "expanded affiliated group" (as defined in Treasury regulations section 1.1471-5(i)), represents that it will (A) confirm that any member of such expanded affiliated group (assuming that the Issuer is a "participating FFI" within the meaning of Treasury regulations section 1.1471-1(b)(91)) that is treated as a "foreign financial institution" within the meaning of Section 1471(d)(4) of the Code and any Treasury regulations promulgated thereunder is either a "participating FFI", a "registered deemed-compliant FFI" or an "exempt beneficial owner" within the meaning of Treasury regulations section 1.1471-4(e), and (B) promptly notify the Issuer in the event that any member of such expanded affiliated group that is

treated as a "foreign financial institution" within the meaning of Section 1471(d)(4) of the Code and any Treasury regulations promulgated thereunder is not either a "participating FFI", a "registered deemed-compliant FFI" or an "exempt beneficial owner" within the meaning of Treasury regulations section 1.1471-4(e), in each case except to the extent that the Issuer or its agents have provided such holder or beneficial owner with an express waiver of this requirement.

The purchaser understands that unless the Issuer determines otherwise in compliance with applicable law, such Notes will bear a legend set forth below.

THE NOTES EVIDENCED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), AND THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE **INVESTMENT COMPANY ACT**). UNTIL 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE ISSUE DATE, THE NOTES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS. TERMS USED HEREIN THAT ARE DEFINED IN REGULATION S UNDER THE SECURITIES ACT ARE USED AS DEFINED THEREIN.

EACH HOLDER OF A NOTE OR A BENEFICIAL INTEREST IN A NOTE PURCHASED DURING THE INITIAL SYNDICATION OF NOTES, BY ITS ACQUISITION OF A NOTE OR A BENEFICIAL INTEREST THEREIN, WILL BE DEEMED TO REPRESENT TO THE ISSUER, THE TRUSTEE, THE COLLATERAL MANAGER AND THE INITIAL PURCHASER THAT IT (1) IS NOT A "U.S. PERSON" AS DEFINED UNDER SECTION 20 OF THE JOINT FINAL RULE ("U.S. RISK RETENTION RULES") TO IMPLEMENT THE CREDIT RISK RETENTION REQUIREMENTS OF SECTION 15G OF THE U.S. SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (B) IS ACQUIRING SUCH NOTES FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTES, AND (C) IS NOT ACQUIRING SUCH NOTE OR BENEFICIAL INTEREST IN SUCH NOTE AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING THIS NOTE THROUGH A NON-U.S. PERSON, RATHER THAN A U.S. PERSON (IN EACH CASE, AS DEFINED UNDER THE U.S. RETENTION RULES), AS PART OF A SCHEME TO EVADE THE 10 PER CENT. U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION 20 OF THE U.S. RISK RETENTION RULES). ANY PURCHASE OR TRANSFER OF THE NOTES IN BREACH OF THIS REQUIREMENT WILL RESULT IN THE AFFECTED NOTES BECOMING SUBJECT TO FORCED TRANSFER PROVISIONS.

[LEGEND TO BE INCLUDED IN RELATION TO THE SUBORDINATED NOTES ONLY]  
[EACH HOLDER AND EACH BENEFICIAL OWNER OF A SUBORDINATED NOTE, BY ACCEPTANCE OF SUCH NOTE, OR ITS INTEREST IN SUCH NOTE, AS THE CASE MAY BE, SHALL BE DEEMED, IF IT OWNS MORE THAN 50 PER CENT. OF THE SUBORDINATED NOTES BY VALUE OR IS OTHERWISE TREATED AS A MEMBER OF THE ISSUER'S "EXPANDED AFFILIATED GROUP" (AS DEFINED IN TREASURY REGULATIONS SECTION 1.1471-5(I)), TO (A) CONFIRM THAT ANY MEMBER OF SUCH EXPANDED AFFILIATED GROUP (ASSUMING THAT THE ISSUER IS A "PARTICIPATING FFI" WITHIN THE MEANING OF TREASURY REGULATIONS SECTION 1.1471-1(B)(91)) THAT IS TREATED AS A "FOREIGN FINANCIAL INSTITUTION" WITHIN THE MEANING OF SECTION 1471(D)(4) OF THE CODE AND ANY TREASURY REGULATIONS PROMULGATED THEREUNDER IS EITHER A "PARTICIPATING FFI", A "REGISTERED DEEMED-COMPLIANT FFI" OR AN "EXEMPT BENEFICIAL OWNER" WITHIN THE MEANING OF TREASURY REGULATIONS SECTION 1.1471-4(E), AND (B) PROMPTLY NOTIFY THE ISSUER IN THE EVENT THAT ANY MEMBER OF SUCH EXPANDED

AFFILIATED GROUP THAT IS TREATED AS A "FOREIGN FINANCIAL INSTITUTION" WITHIN THE MEANING OF SECTION 1471(D)(4) OF THE CODE AND ANY TREASURY REGULATIONS PROMULGATED THEREUNDER IS NOT EITHER A "PARTICIPATING FFI", A "REGISTERED DEEMED-COMPLIANT FFI" OR AN "EXEMPT BENEFICIAL OWNER" WITHIN THE MEANING OF TREASURY REGULATIONS SECTION 1.1471-4(E), IN EACH CASE EXCEPT TO THE EXTENT THAT THE ISSUER OR ITS AGENTS HAVE PROVIDED SUCH HOLDER OR BENEFICIAL OWNER WITH AN EXPRESS WAIVER OF THIS REQUIREMENT.]

- (1) The purchaser acknowledges that the Issuer, the Initial Purchaser, the Trustee, the Collateral Manager or the Collateral Administrator and their Affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.
- (2) A transferor who transfers an interest in a Note to a transferee who will hold the interest in the same form is not required to make any additional representation or certification.

## GENERAL INFORMATION

### 1. Clearing Systems

The Notes of each Class (other than the Subordinated Notes) have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Common Code and International Securities Identification Number (**ISIN**) for the Notes of each such Class is:

	<b>ISIN</b>	<b>Common Code</b>
Class A1 Senior Notes	XS1846706585	184670658
Class A2 Senior Notes	XS1846709175	184670917
Class A3 Senior Notes	XS1846709258	184670925

The identification number for the Subordinated Notes is GB00BD5KFC29.

### 2. Listing

Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and trading on its Global Exchange Market. It is anticipated that listing and admission to trading will take place on or about the Issue Date. There can be no assurance that such listing and admission to trading will be granted.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the Global Exchange Market of Euronext Dublin for the purposes of the Prospectus Directive.

### 3. Consents and Authorisations

The Issuer has obtained all necessary consents, approvals and authorisations in England and Wales (if any) in connection with the issue and performance of the Notes. The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on 26 June 2018.

### 4. No Significant or Material Change

There has been no significant change in the financial or trading position or prospects of the Issuer since its incorporation on 7 February 2018 and there has been no material adverse change in the financial position or prospects of the Issuer since its incorporation on 7 February 2018.

### 5. No Litigation

The Issuer is not involved, and has not been involved, in any 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 the date of its incorporation a significant effect on the Issuer's financial position or profitability.

### 6. Accounts

Since the date of its incorporation the Issuer has not commenced operations and has not produced accounts.

So long as any Note remains outstanding, copies of the most recent annual audited financial statements of the Issuer can be obtained by physical or electronic means at the specified offices of the Principal Paying Agent during normal business hours. The first financial statements of the Issuer will be in respect of the period from incorporation to 31 December 2018. The annual accounts of the Issuer will be audited. The Issuer will not prepare interim financial statements.

The Trust Deed requires the Issuer to provide written confirmation to the Trustee on an annual basis and otherwise promptly on request that no Event of Default or Potential Event of Default or other matter which is required to be brought to the Trustee's attention has occurred.

## **7. Documents Available**

Copies of the following documents may be inspected by physical means at the registered offices of the Issuer, the Trustee, the Transfer Agent, the Registrar and the Principal Paying Agent during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) while any of the Notes are Outstanding following the listing of the Notes on the Official List of the Global Exchange Market of Euronext Dublin in accordance with the rules of Euronext Dublin:

- (1) the Agency Agreement;
- (2) the Collateral Management Agreement;
- (3) the Corporate Services Agreement;
- (4) the Memorandum and Articles of Association of the Issuer;
- (5) the Prospectus;
- (6) the Share Trust Deed;
- (7) the Trust Deed (which includes the form of each Note of each Class);
- (8) the Vendor Power of Attorney;
- (9) General Netting Letter; and
- (10) the Vendor Trust Deed.

## **8. Auditors**

The Issuer will appoint its auditors as soon as reasonably practicable after the Issue Date and such auditors will be chartered accountants and registered auditors qualified to practise in England and Wales.

## **9. Yield**

The initial issue price of the Notes will be 100%. The yield on the Notes will, therefore, be the interest rate applicable to the Notes.



## GLOSSARY OF TERMS

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