



## **BOOST ISSUER PUBLIC LIMITED COMPANY**

*(a public company incorporated with limited liability in Ireland)*

### **COLLATERALISED ETP SECURITIES PROGRAMME**

Under the Collateralised ETP Securities Programme described in this Base Prospectus (the “**Programme**”), Boost Issuer Public Limited Company (the “**Issuer**”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue collateralised exchange traded securities (the “**ETP Securities**”), linked to indices providing exposure to a range of asset classes including equities and commodities on the terms set out herein as completed by the final terms in respect of the relevant ETP Securities (the “**Final Terms**”). The aggregate number of ETP Securities issued under the Programme will not at any time exceed 1,000,000,000.

The return on ETP Securities of a class will be linked to the daily performance of the index referenced by that class. ETP Securities of a class may offer long or short exposure, which may also be leveraged, to the daily performance of such index.

ETP Securities are complex, structured products involving a significant degree of risk and potential investors should be prepared to sustain a loss of all or part of their investment. It is the responsibility of prospective purchasers to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in ETP Securities. In particular, an investment in ETP Securities giving short and/or leveraged exposure to the daily performance of the applicable index is only appropriate for investors that understand the increased risk caused by such features.

**FOR A DISCUSSION OF CERTAIN FACTORS REGARDING THE ISSUER AND THE ETP SECURITIES THAT SHOULD BE CONSIDERED BY POTENTIAL INVESTORS CONSIDERING AN INVESTMENT IN ETP SECURITIES, SEE “RISK FACTORS” ON PAGE 22 OF THIS BASE PROSPECTUS.**

This Base Prospectus does not describe all of the risks of an investment in the ETP Securities. This Base Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or any other Programme Party that any recipient of this Base Prospectus should purchase the ETP Securities.

Any prospective investor intending to acquire or acquiring any ETP Securities from any Authorised Participant or other person (an “**Offeror**”) should be aware that, in the context of an offer to the public as defined in section 102B of the Financial Services and Markets Act 2000 (“**FSMA**”), the Issuer may only be responsible to the prospective investor for the prospectus constituted by this Base Prospectus, as completed by the applicable Final Terms (the “**Prospectus**”) under section 90 of FSMA if the Issuer has authorised that Offeror to make the offer to the prospective investor. Each prospective investor should therefore enquire whether the Offeror is so authorised by the Issuer. If the Offeror is not so authorised by the Issuer, the prospective investor should check with the Offeror whether anyone is responsible for the Prospectus for the purposes of section 90 of FSMA in the context of the offer to the public, and, if so, who that person is. If the prospective investor is in any doubt about whether it can rely on the Prospectus and/or who is responsible for its contents it should take legal advice. Where information relating to the terms of the relevant offer required pursuant to the Prospectus Directive is not contained in this Base Prospectus or the relevant Final Terms, it will be the responsibility of the relevant offeror at the time of such offer to provide the investor with such information. This does not affect any responsibility which the Issuer may otherwise have under applicable laws.

A prospective investor intending to acquire or acquiring any ETP Securities from an Offeror will do so, and offers and sales of the ETP Securities to a prospective investor by an Offeror will be made, in accordance with any terms and other arrangements in place between such Offeror and such prospective investor including as to price, allocations and settlement arrangements. The Issuer will not be a party to any such arrangements with prospective investors (other than with Authorised Participants) in connection with the offer or sale of ETP Securities and, accordingly, this Base Prospectus does not and any Final Terms will not contain such information and any prospective investor must obtain such information from the Offeror.

ETP Securities will be issued in Classes (as defined in the section of this Base Prospectus headed “*Overview of the Programme*”) and each Class will be secured by security over (i) all of the Issuer’s rights, title, interest and benefit present and future in, to and under the Programme Documents to the extent that they relate to such Class of ETP Securities, and (ii), certain cash, property and contractual claims of the Issuer that relate solely to that Class of the ETP Securities (the “**Class Secured Property**”). In addition, the Issuer’s obligations in respect of all Classes of ETP Securities in respect of which the Issuer has entered into a Swap Transaction (as defined herein) with a particular Swap Provider (as defined herein) will be secured by security over (i) all of the Issuer’s rights, title, interest and benefit present and future in, to and under the relevant Collateral Pool Documents (as defined herein), (ii) the assets comprising the relevant Swap Provider Collateral Pool to the extent not assigned pursuant to (i) above, (iii) all sums held now or in the future by or on behalf of the Issuer to meet payments due in respect of the obligations and duties of the Issuer under the relevant Swap Agreement, and (iv) all sums, securities and any other property held or received by

the Liquidation Agent (as defined herein) relating to the relevant Swap Agreement, any relevant Credit Support Document (as defined herein) and the ETP Securities, as continuing security for the Issuer's obligations owed to the relevant Collateral Pool Secured Creditors (the "**Collateral Pool Secured Property**").

In respect of any Class of ETP Securities, the claims of the Trustee, to the extent that they relate to that Class, will also be secured by certain assets comprised in the relevant Class Secured Property. The claims of the Security Trustee and the relevant Swap Provider in respect of payments made on behalf of the Issuer, all in respect of any Connected Class of ETP Securities relating to such Swap Agreement, will also be secured by certain assets comprised in the relevant Collateral Pool Secured Property.

Claims against the Issuer by holders of the ETP Securities of a particular Class or of any other party to a Programme Document or a Collateral Pool Document in respect of that Class, will be limited to the Class Secured Property and the Collateral Pool Secured Property applicable to that Class. During the term of the ETP Securities and on enforcement of the security over the Class Secured Property and the Collateral Pool Secured Property, claims of the ETP Securityholders to be paid amounts due under the ETP Securities will be subordinated to the claims of, among others, the Trustee, the Security Trustee and each Swap Provider (each as defined herein) and any other claims specified in the applicable Trust Deed and the applicable Collateral Pool Security Deeds that rank in priority to the ETP Securities.

**If the net proceeds of the enforcement of the security over the Class Secured Property and the Collateral Pool Secured Property for a Class are not sufficient to make all payments then due to the holders of the ETP Securities of that Class and the claims of any other Programme Parties (as defined herein), the obligations of the Issuer will be limited to such net proceeds and the other assets of the Issuer will not be available to meet any shortfall. The Issuer will not be obliged to make any further payment in excess of such net proceeds and no debt shall be owed by the Issuer in respect of such shortfall. Furthermore, the ETP Securityholders or any person on their behalf, will not be able to take any action against the Issuer (including instituting, or joining with any other person in bringing, instituting or joining, insolvency proceedings (whether court based or otherwise) in relation to the Issuer) to recover any such shortfall.**

The ETP Securities will be obligations solely of the Issuer and will not be guaranteed by, or be the responsibility of, any other entity.

This Base Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under Directive 2003/71/EC (the "**Prospectus Directive**"). The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to ETP Securities which are to be admitted to trading on a regulated market for the purpose of Directive 2004/39/EC and/or which are to be offered to the public in any Member State of the European Economic Area.

This Base Prospectus as approved by the Central Bank will be filed with the Companies Registration Office in Ireland in accordance with Regulation 38(1)(b) of the Prospectus (Directive 2003/71/EC) Regulations 2005 (the "**Prospectus Regulations**").

The Issuer has requested the Central Bank to notify the approval of the Base Prospectus in accordance with Article 18 of the Prospectus Directive to the UK Listing Authority (the United Kingdom financial supervisory authority) (the "**UKLA**"), and may request the Central Bank to notify such approval to the Bundesanstalt für Finanzdienstleistungsaufsicht (the German Federal financial supervisory authority) ("**BaFin**") and to the Commissione Nazionale per la Società e la Borsa (the Italian financial supervisory authority) ("**CONSOB**"), by providing them, inter alia, with certificates of approval attesting that this Base Prospectus has been drawn up in accordance with the Prospectus Directive. The Issuer may request the Central Bank to provide competent authorities in other EEA Member States with such certificates whether for the purposes of making a public offer in such Member States or for admission to trading of all or any Class of ETP Securities on a regulated market therein or both.

Application may be made to the London Stock Exchange for the ETP Securities issued under this Programme to be admitted to the official list of the London Stock Exchange (the "**London Official List**") and to be admitted to listing and trading on the Main Market of the London Stock Exchange (the "**London Market**").

Application may be made to the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (the "**Frankfurt Stock Exchange**") for the ETP Securities issued under this Programme to be admitted to the official list of the Frankfurt Stock Exchange (the "**German Official List**") and to be admitted to listing and trading on the Regulated Market (General Standard) (*Regulierter Markt General Standard*) of the Frankfurt Stock Exchange (the "**German Market**").

Application may be made to the Italian Stock Exchange (*Borsa Italiana*) (the "**Italian Stock Exchange**") for the ETP Securities issued under this Programme to be admitted to the official list of the Italian Stock Exchange (the "**Italian Official List**") and to be admitted to listing and trading on the Regulated Market of the Italian Stock Exchange (the "**Italian Market**").

References in this Base Prospectus to ETP Securities being "listed" (and all related references) shall mean that such ETP Securities have been admitted to trading on the London Market, the German Market and/or the Italian Market (together the "**Markets**") and have been admitted to the London Official List, the German Official List and/or the Italian Official List. The Markets are regulated markets for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments.

## IMPORTANT NOTICES

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

The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under the applicable law.

The information in the section of this Base Prospectus headed "*The Indices*" consists only of extracts from, or summaries of, publicly available information. Such publicly available information was not prepared in connection with the offering of the ETP Securities. The Issuer accepts responsibility for the accurate reproduction of such information. As far as the Issuer is aware and is able to ascertain from information published by the relevant Index Sponsor, no facts have been omitted which would render such reproduced information inaccurate or misleading.

The information in the section of this Base Prospectus headed "*The Manager*" consists only of information provided to the Issuer by Boost Management Limited. The Issuer accepts responsibility for the accurate reproduction of such information. As far as the Issuer is aware and is able to ascertain from information published by Boost Management Limited, no facts have been omitted which would render such reproduced information inaccurate or misleading.

The information in the section of this Base Prospectus headed "*The Initial Swap Provider*" consists only of information provided to the Issuer by BNP Paribas Arbitrage S.N.C. The Issuer accepts responsibility for the accurate reproduction of such information. As far as the Issuer is aware and is able to ascertain from information published by BNP Paribas Arbitrage S.N.C., no facts have been omitted which would render such reproduced information inaccurate or misleading.

The information in the section of this Base Prospectus headed "*The Collateral Administrator*" consists only of information provided to the Issuer by The Bank of New York Mellon. The Issuer accepts responsibility for the accurate reproduction of such information. As far as the Issuer is aware and is able to ascertain from information published by The Bank of New York Mellon, no facts have been omitted which would render such reproduced information inaccurate or misleading.

New information with respect to financial intermediaries unknown at the time of the approval of the Base Prospectus will be published on the Issuer's Website.

Any Authorised Participant who wishes to use this Base Prospectus (and any applicable Final Terms) in connection with an offer (other than offer pursuant to Article 3(2) of the Prospectus Directive in the relevant Member State(s)) of ETP Securities is required, for the duration of the applicable offer period, to publish on its website that it is using this Base Prospectus and any applicable Final Terms for such offer in accordance with the consent of the Issuer and the conditions to which such consent is subject.

THE ETP SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. ACCORDINGLY, THE ETP SECURITIES MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S ("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 IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, THE INVESTMENT COMPANY ACT OF 1940 (THE "INVESTMENT COMPANY ACT") AND THE SELLING AND TRANSFER RESTRICTIONS SET FORTH IN THE RELEVANT SECURITIES NOTE OR PRICING SUPPLEMENT (AS THE CASE MAY BE), IN EACH CASE AS DEFINED BELOW (THE "FINAL TERMS").

ANY UNITED STATES PERSON (AS DEFINED IN THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE")) WHO HOLDS A BEARER NOTE WHICH IS AN OBLIGATION IN BEARER FORM FOR U.S. FEDERAL INCOME TAX PURPOSES WILL BE SUBJECT TO LIMITATIONS UNDER U.S. FEDERAL INCOME TAX LAW, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE CODE. UNDER SECTIONS 165(j) AND 1287(a) OF THE CODE, ANY SUCH

**UNITED STATES PERSON WHO HOLDS A BEARER NOTE WHICH IS AN OBLIGATION IN BEARER FORM FOR U.S. FEDERAL INCOME TAX PURPOSES, WITH CERTAIN EXCEPTIONS, WILL NOT BE ENTITLED TO DEDUCT ANY LOSS ON THE BEARER NOTE AND MUST TREAT AS ORDINARY INCOME ANY GAIN REALISED ON THE SALE OR OTHER DISPOSITION (INCLUDING REDEMPTION) OF SUCH BEARER NOTE.**

**UNLESS SPECIFIED IN ANY APPLICABLE FINAL TERMS, THE ETP SECURITIES WILL NOT BE SOLD TO ANY PERSON WHO IS OR WHILE NOTES ARE HELD MAY BE (i) AN "EMPLOYEE BENEFIT PLAN" OR OTHER "PLAN" SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (ii) ANOTHER EMPLOYEE BENEFIT PLAN SUBJECT TO ANY U.S. FEDERAL, STATE OR LOCAL LAW, OR NON-U.S. LAW, SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW"), OR (iii) AN ENTITY ANY OF WHOSE ASSETS ARE, OR ARE DEEMED FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE, OR, IN THE CASE OF SUCH ANOTHER EMPLOYEE BENEFIT PLAN, SIMILAR LAW, TO BE, ASSETS OF ANY SUCH "EMPLOYEE BENEFIT PLAN", "PLAN" OR OTHER EMPLOYEE BENEFIT PLAN. EACH PURCHASER AND BIDDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT IT IS NOT AND WILL NOT BE IN BREACH OF THE FOREGOING.**

Nothing in this document or anything communicated to holders or potential holders of ETP Securities or other obligations by the Issuer is intended to constitute or should be construed as advice on the merits of the purchase of or subscription for ETP Securities or the exercise of any rights attached thereto for the purposes of the Jersey Financial Services (Jersey) Law 1998, as amended.

The Manager, the Authorised Participants, the Swap Providers, the Trustee, the Security Trustee, the Issuing and Paying Agent, the Registrar, the Collateral Administrator and the Determination Agent have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Authorised Participant(s), Swap Provider(s), the Manager, the Trustee, the Security Trustee, the Collateral Administrator, the Issuing and Paying Agent, the Registrar or the Determination Agent as to the accuracy or completeness of the financial information contained herein, or any other financial statements or any further information supplied in connection with the Programme or any of the ETP Securities or their distribution.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other financial statements or further information supplied pursuant to the terms of the Programme or any of the ETP Securities and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Issuer or any of the Manager, any Authorised Participant, any Swap Provider, the Trustee, the Security Trustee, the Issuing and Paying Agent, the Registrar, the Collateral Administrator or the Determination Agent.

Neither this Base Prospectus nor any further information supplied pursuant to the terms of the Programme or the ETP Securities are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation or constituting an invitation or offer by or on behalf of any of the Issuer or any of the Manager, any Authorised Participant, any Swap Provider, the Trustee, the Security Trustee, the Issuing and Paying Agent, the Registrar, the Collateral Administrator or the Determination Agent that any recipient of this Base Prospectus or any further information supplied pursuant to the terms of the Programme or any of the ETP Securities should subscribe for or purchase any of the ETP Securities. Each investor contemplating purchasing any of the ETP Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

The delivery of the Base Prospectus does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other financial statements or any further information supplied pursuant to the terms of the Programme or any of the ETP Securities is correct as of any time subsequent to the date indicated in the document containing the same. Each of the Manager, the Authorised Participants, the Swap Providers, the Trustee, the Security Trustee, the Issuing and Paying Agent, the Registrar, the Collateral Administrator or the Determination Agent expressly does not undertake to review the financial condition or affairs of the Issuer during the term of the Programme.

Any investment in the ETP Securities does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Central Bank. The Issuer is not and will not be regulated by the Central Bank as a result of issuing the ETP Securities.

For a description of certain restrictions on offers and sales of ETP Securities and on the distribution of this Base Prospectus, see the section headed “*Subscription and Sale*”. This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Manager, any Authorised Participant, any Swap Provider, the Trustee, the Security Trustee, the Issuing and Paying Agent, the Registrar, the Collateral Administrator or the Determination Agent to subscribe for, or purchase, any ETP Securities.

Neither the Issuer nor the Manager is subject to ongoing supervision or control by the Jersey Financial Services Commission under the Financial Services (Jersey) Law 1991 or the Companies (General Provisions) (Jersey) Order 2002.

The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958 to the Issuer to issue securities to be registered in Jersey. The Jersey Financial Services Commission is protected by the Control of Borrowing (Jersey) Law 1947 (as amended) against liability arising from the discharge of its functions under that Law

The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 2 of the Control of Borrowing (Jersey) Order 1958 to the issue of shares in the Manager. It must be distinctly understood that, in giving this consent, neither the registrar of companies nor the Jersey Financial Services Commission takes any responsibility for the financial soundness of the Manager or the Programme or for the correctness of any statements made, or opinions expressed, with regard to it.

Each person who acquires ETP Securities acknowledges and agrees:

- (i) it is a professional investor for the purposes of the Financial Services (Investment Business (Special Purpose Investment Business – Exemption)) (Jersey) Order 2001 and The Financial Services (Investment Business (Restricted Investment Business – Exemption)) (Jersey) Order 2001;
- (ii) that an investment in ETP Securities is only suitable for sophisticated investors who understand the risks involved in acquiring such an investment; and
- (iii) that neither the Programme, the ETP Securities nor the activities of any functionary with regard to the same are subject to all the provisions of the Financial Services (Jersey) Law 1998.

All references in this document to “£”, “pounds”, “Pounds Sterling” and “Sterling” are to the lawful currency of the United Kingdom, all references to “\$”, “US\$”, “USD” and “US dollars” are to the lawful currency of the United States of America, references to “CHF” and “Swiss Francs” are references to the lawful currency of Switzerland, references to “HK\$”, “HKD” and “Hong Kong dollars” are references to the lawful currency of the Hong Kong SAR and all references to “€”, “euro” and “EUR”, are 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 by the Treaty on European Union. For the avoidance of doubt, the websites referred to in this document and the contents thereof do not form part of this Base Prospectus.

The expression “**Prospectus Directive**” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

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## SUMMARY OF THE PROGRAMME

Summaries are made up of disclosure requirements known as “Elements”. These elements are numbered in Sections A-E (A.1-E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

### Section A – Introduction and warnings

<b>Element</b>	<b>Description of Element</b>	<b>Disclosure requirement</b>
A.1	Standard Warning	<p>This summary should be read as an introduction to the base prospectus of the Issuer (as defined in B.1 below) dated 30 November 2012 (the “<b>Base Prospectus</b>”). Any decision to invest in the ETP Securities should be based on consideration of the Base Prospectus as a whole by the investor. Where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in the ETP Securities.</p>
A.2	Disclosure of consent for use of the Base Prospectus for subsequent resale or final placement of securities by financial intermediaries	<p>If so specified in the Final Terms in respect of any Tranche of Securities, the Issuer consents to the use of the Base Prospectus by any Authorised Participant, (an “<b>Authorised Offeror</b>”) in connection with any offer of ETP Securities that is not within an exemption from the requirement to publish a prospectus under the Prospectus Directive (a “<b>Non-exempt Offer</b>”) during the offer period specified in the relevant Final Terms (the “<b>Offer Period</b>”), in the relevant Member State(s) and subject to the applicable conditions, in each case specified in the relevant Final Terms.</p> <p>The consent referred to above relates to Offer Periods occurring within 12 months from the date of this Base Prospectus.</p> <p>Any Authorised Offeror who wishes to use the Base Prospectus in connection with a Non-exempt Offer is required, for the duration of the relevant Offer Period, to publish on its website that it is using the Base Prospectus for such Non-exempt Offer in accordance with the consent of the Issuer and the conditions attached thereto. To the extent specified in the relevant Final Terms, a Non-exempt Offer may be made during the relevant Offer Period by any Authorised Offeror in any relevant Member State and subject to any relevant conditions, in each case as shall be specified in the relevant Final Terms. Information on the Terms and Conditions of the Non-exempt Offer will be published by that Authorised Offeror on its website at the relevant time. None of the Issuer or any of the Authorised Participants or other Authorised Offerors has any responsibility or liability for such information.</p> <p><b>Issue specific summary:</b></p> <p>[The Issuer consents to the use of the Base Prospectus and the Final Terms by any Authorised Participant (an “<b>Authorised Offeror</b>”) in connection with the offer of the ETP Securities other than pursuant to</p>

Article 3(2) of the Prospectus Directive in *[insert Public Offer Jurisdictions]* during *[insert Offer Period]*, for so long as it is authorised to make such offers under MiFID and subject to the following conditions: *[insert applicable conditions to offer]*.

Any Authorised Offeror who wishes to use the Base Prospectus and the applicable Final Terms in connection with an offer (other than offer pursuant to Article 3(2) of the Prospectus Directive in the relevant Member State(s)) of ETP Securities is required, for the duration of the applicable offer period, to publish on its website that it is using the Base Prospectus and the Final Terms for such offer in accordance with the consent of the Issuer and the conditions to which such consent is subject.]

## Section B – Issuer

<b>Element</b>	<b>Description of Element</b>	<b>Disclosure requirement</b>
B.1	Legal and Commercial Name of the Issuer	Boost Issuer Public Limited Company (the “ <b>Issuer</b> ”).
B.2	Domicile /Legal Form /Legislation /Country of Incorporation	The Issuer is a public limited liability company incorporated in Ireland under the Irish Companies Acts 1963 to 2012 with registered number 515981.
B.16	Control of Issuer	All the issued shares of the Issuer are directly or indirectly held by Capita Trustee Services Limited (the “ <b>Share Trustee</b> ”) under the terms of a Jersey law governed declaration of trust dated 28 September 2012 under which the Share Trustee holds the benefit of the shares on trust for charitable purposes. The Issuer is neither directly nor indirectly owned or controlled by any other party to the programme.
B.17	Issuer credit ratings	Not applicable - the Issuer has not been assigned a credit rating and it is not intended that any ETP Securities will be assigned credit ratings.
B.20	Special Purpose Vehicle	The Issuer has been established as a special purpose vehicle for the purposes of issuing collateralised exchange traded securities (“ <b>ETP Securities</b> ”).
B.21	Principal activities and global overview of parties	The Issuer’s principal activity is the issuance and performance of collateralised exchange traded securities (“ <b>ETP Securities</b> ”). The Issuer has established a programme (the “ <b>Programme</b> ”), described in the Base Prospectus, under which classes of ETP Securities (each, a “ <b>Class</b> ”) may be issued from time to time.

The Law Debenture Trust Corporation p.l.c. will act as Trustee and Security Trustee in respect of each Class of ETP Securities. The Law Debenture Trust Corporation p.l.c.’s principal activity is the provision of independent fiduciary services.

The Bank of New York Mellon will act as Collateral Administrator in respect of each Class of ETP Securities. The Bank of New York Mellon’s principal activity is financial services.

Boost Management Limited is the Manager in relation to Programme. Boost Management Limited’s principal activity is the provision of administrative and management services to the Issuer.

Capita International Financial Services (Ireland) Limited will act as Issuing and Paying Agent in respect of each Class of ETP Securities. Capita International Financial Services (Ireland) Limited’s principal activity is the

provision of business support services.

Capita IRG Trustees Limited will act as Registrar in respect of each Class of ETP Securities. Capita IRG Trustee Limited's principal activity is the provision of share plan and share dealing services.

Boost ETP LLP will act as Determination Agent in respect of each Class of ETP Securities. Boost ETP LLP's principal activity is carrying its duties as Determination Agent in relation to ETP Securities issued by the Issuer, and providing certain advisory services to the Manager.

BNP Paribas Arbitrage S.N.C. is the Initial Swap Provider and the Initial Authorised Participant. BNP Paribas Arbitrage S.N.C.'s principal activities are dealing on its own account in equities and equity derivatives and stock borrowing and lending, receiving and transmitting orders for third parties, placement, underwriting and investment advice.

B.22	No Financial Statements	Since the date of incorporation, the Issuer has not commenced operations and no financial statements have been produced as at the date of the Base Prospectus.
B.23	Key historical financial information	Not applicable - as a newly incorporated company, the Issuer has not produced audited financial statements since its date of incorporation.
B.24	Material adverse change	Not applicable – there has been no material adverse change in the prospects of the Issuer since the date of its incorporation.
B.25	Description of underlying assets	<p>The Issuer will enter into one or more swap transactions (each, a “<b>Swap Transaction</b>”) in relation to each Class of ETP Securities, each with a counterparty (a “<b>Swap Provider</b>”) with any bank or financial institution (which for these purposes shall include any leading dealer or broker in instruments similar to the ETP Securities) incorporated, domiciled and regulated in the EEA which is rated, or whose obligations are guaranteed by an entity which is rated, at least BBB by Standard &amp; Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc (“<b>S&amp;P</b>”) and/or Baa2 by Moody’s Investors Service Ltd. (“<b>Moody’s</b>”) and/or BBB by Fitch Ratings Limited (“<b>Fitch</b>” and, together with S&amp;P and Moody’s, the “<b>Rating Agencies</b>”) which has acceded to the Programme by entering into:</p> <ul style="list-style-type: none"><li>(i) an ISDA 2002 Master Agreement, as published by the International Swaps and Derivatives Association, Inc. (“<b>ISDA</b>”), together with a Schedule thereto, between the Issuer and such Swap Provider (each, as amended and/or supplemented, and together with each index linked swap transaction (each a “<b>Swap Transaction</b>”) entered into thereunder, each confirmation of a Swap Transaction and the related Credit Support Document, a “<b>Swap Agreement</b>”);</li><li>(ii) a 1995 Credit Support Annex (Transfer – English Law), as published by ISDA, or other form of credit support document, between the Issuer and such Swap Provider pursuant to which such Swap Provider will transfer certain bonds, equities and/or cash collateral (“<b>Eligible Collateral</b>”) to the Issuer according to movements in the aggregate value of the Swap Transactions entered into between the Issuer and that Swap Provider under the relevant Swap Agreement (a “<b>Credit Support Document</b>”);</li><li>(iii) an agreement between the Issuer, the Security Trustee, such Swap Provider and the Collateral Administrator relating to the holding and administration of collateral delivered by such Swap Provider to the Issuer pursuant to the relevant Credit Support Document;</li><li>(iv) an agreement pursuant to which the Issuer and such Swap Provider will agree certain arrangements in relation to the entry into and</li></ul>

termination of Swap Transactions (the “**Swap Provider Agreement**”), which will, together with the collateral posted by each relevant Swap Provider to the Issuer under the Credit Support Document(s), constitute the underlying assets for that Class; and

- (v) an agreement between, among others, the Issuer, the Manager, the Determination Agent, each Authorised Participant and each Swap Provider in relation to the operation of the Programme (the “**Operating Procedures Agreement**”).

The Issuer has entered in to the documents listed in (i) to (v) above with the Initial Swap Provider, each dated 30 November 2012.

Each of the Rating Agencies (other than Standard & Poor's Rating Services) has its registered office in the European Community and is registered under Art. 14(1) in connection with Art. 2(1) of Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended. Standard & Poor's Rating Services is not established in the European Community and has not been registered under Art. 14(1) in connection with Art. 2(1) of Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended.

Pursuant to the terms of each Swap Transaction entered into by the Issuer in relation to a Class of ETP Securities, (i) the Issuer will pay the proceeds of issuance of each tranche of that Class to the relevant Swap Provider (subject to such Swap Provider having delivered collateral to the Issuer in accordance with the Credit Support Document between them), and (ii) the relevant Swap Provider will pay to the Issuer amounts expected to correspond to each amount payable to the ETP Securityholders upon the redemption of ETP Securities of that Class and a periodic fee. However, the Swap Provider(s) do not guarantee payment by the Issuer to the ETP Securityholders of amounts due in respect of the ETP Securities, and no ETP Securityholder will have any claim against any Swap Provider in respect of amounts due in respect of any ETP Securities.

The Issuer will enter into one or more Swap Transactions in connection with a Class of ETP Securities in order that such Swap Transaction(s) will, together, produce funds to service all of the Issuer's payment obligations in respect of that Class. Each time ETP Securities are issued, redeemed or repurchased, corresponding Swap Transaction(s) will be entered into by the Issuer (or existing Swap Transaction(s) will be upsized) or terminated (or downsized), as applicable. Each such Swap Transaction will be in respect of a certain number of “Index Units”. It is intended that, at all times, the aggregate number of Index Units in respect of the Swap Transaction(s) entered into by the Issuer in connection with a Class of ETP Securities will be equal to the outstanding number of ETP Securities of that Class (plus the number of ETP Securities of that Class that have been subscribed for but not yet issued, and minus the number of ETP Securities of that Class that have become subject to redemption but have not yet redeemed). The Issuer will decline a request for a further issuance of ETP Securities if it is unable to enter into or upsize the corresponding Swap Transaction(s). Swap Transactions shall be allocated among the Swap Providers in accordance with an allocation protocol.

If a Swap Agreement is terminated in certain circumstances, the Issuer will attempt to replace the Swap Transactions entered into in respect of a Class of ETP Securities under that Swap Agreement with replacement Swap Transactions with one or more other Swap Providers.

The obligations of each Swap Provider to the Issuer under a Swap Agreement will be collateralised by a Credit Support Document pursuant to which, on each business day, such Swap Provider will transfer Eligible Collateral (such transferred Eligible Collateral, “**Posted Collateral**”) to the

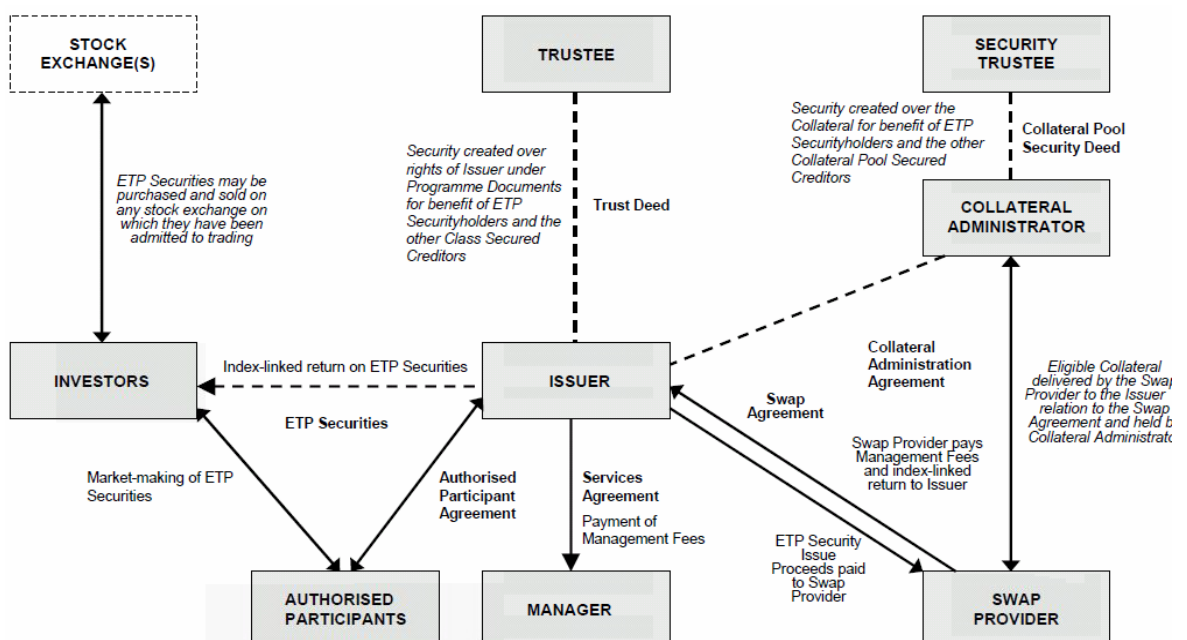
Issuer, and the Issuer will return Posted Collateral to such Swap Provider, according to daily movements in the aggregate value of the Swap Transactions entered into between the Issuer and that Swap Provider in relation to each Connected Class (as defined in C.8) of ETP Securities. Such collateral will be held with The Bank of New York Mellon in its capacity as the Collateral Administrator, pursuant to a collateral administration agreement.

- B.26 Investment management Not applicable - there is no active management of the underlying assets.
- B.27 Further issuances backed by same pool of assets Not applicable – the Issuer will not issue further securities backed by the same pool of assets.
- B.28 Structure of the transaction The Issuer may from time to time issue Classes of ETP Securities under the Programme. Such ETP Securities may be issued to any party which has become a party to the Programme as an “**Authorised Participant**” by entering into an “Authorised Participant Agreement” with the Issuer.

The ETP Securities of each Class will be constituted by a supplemental trust deed (the “**Supplemental Trust Deed**” in respect of that Class) and the master trust deed dated 30 November 2012 entered into between the Issuer, the Manager and the Trustee (the “**Master Trust Deed**” and, together with the Supplemental Trust Deed, the “**Trust Deed**” in respect of such Class).

The Issuer will seek to hedge its payment obligations in respect of each Class of the ETP Securities by entering into one or more Swap Transactions, each with a Swap Provider. Each Swap Provider will collateralise its obligations to the Issuer by delivering Eligible Collateral to the Issuer. Such Eligible Collateral will be delivered in respect of the Issuer’s net exposure to the Swap Provider in respect of all Swap Transactions entered into under the Swap Agreement between the Issuer and such Swap Provider, and will not be segregated between the Classes of ETP Securities to which such Swap Transactions relate. The holders of ETP Securities of each Class referencing a Swap Transaction with the same Swap Provider are therefore entitled to the benefit of security created over same, undivided pool of collateral assets.

A diagrammatic representation of the principal aspects of the structure as currently in place appears below:



B.29	Description of the flow of funds	<p>The proceeds of the issuance of a tranche of ETP Securities of a Class will be paid by the Issuer to one or more of the Swap Providers with whom the Issuer has entered into a Swap Transaction in connection with that Class, in order to increase the aggregate number of Index Units in respect of the Swap Transaction(s) entered into by the Issuer in relation to that Class in proportion to the increase in the number of ETP Securities of that Class then outstanding.</p> <p>The Issuer's payment obligations in respect of the ETP Securities of a Class will be funded entirely from payments received by the Issuer from the Swap Provider(s) in respect of such Swap Transaction(s).</p> <p>Pursuant to the terms of each Credit Support Document, the Issuer will be obliged to pay amounts equal to each distribution made on collateral held by it to the relevant Swap Provider upon receipt.</p>
B.30	Originators of securitised assets	Each Swap Provider will be a bank or financial institution (which for these purposes will include any leading dealer or broker in instruments similar to the ETP Securities) incorporated, domiciled and regulated in the EEA.

### Section C – Securities

<i><b>Element</b></i>	<i><b>Description of Element</b></i>	<i><b>Disclosure requirement</b></i>
C.1	Type and class of securities being offered	<p>The Issuer may issue ETP Securities linked to indices providing exposure to equities and commodities. Such ETP Securities may have long or short, and leveraged or unleveraged, exposure to the daily performance of the referenced index.</p> <p><i><b>Issue specific summary:</b></i></p> <p>[The return on the ETP Securities is linked to the performance of [<i>insert index</i>] (the "<b>Index</b>").]</p> <p>[Class [<i>insert Class name</i>]]</p> <p>[ISIN: [<i>insert ISIN Code</i>]]</p> <p>[LSE Code: [<i>insert TIDM</i>]]</p> <p>[Aggregate number of ETP Securities of Class: [<i>insert</i>]]</p>
C.2	Currency	<p>Each Class of ETP Securities will be denominated in US dollars, euros, Pounds Sterling, Swiss Francs or Hong Kong dollars.</p> <p><i><b>Issue specific summary:</b></i></p> <p>The ETP Securities are denominated in [US dollars/euros/Pounds Sterling/Swiss Francs/Hong Kong dollars].</p>
C.5	Restrictions on free transferability	Not applicable, the ETP Securities are freely transferable.
C.8	Rights attached to the securities	<p>The rights attached to the ETP Securities of a Class will be set out in the terms and conditions of that Class (the "<b>Conditions</b>").</p> <p>The Conditions of a Class of ETP Securities will address, among other matters:</p> <p><i>Payment of redemption amount</i></p> <p>Each ETP Security gives the holder the right to receive the applicable payment on its redemption, as described in C.9.</p>

### *Status and Security*

The ETP Securities of each Class will be limited recourse obligations of the Issuer, ranking pari passu without preference among themselves.

Pursuant to the Trust Deed in respect of a Class of ETP Securities, the Issuer will create security in respect of that Class in favour of the Trustee over:

- (i) all of the Issuer's rights, title, interest and benefit present and future in, to and under the contractual documents relating to such Class of ETP Securities (other than the Issuer's rights, title and interest in any Collateral Pool Security Deed and the agreements subject to the security created by any Collateral Pool Security Deed in respect of that Class of ETP Securities); and
- (ii) certain cash, property and contractual claims of the Issuer that relate solely to that Class of ETP Securities,

as continuing security for the Issuer's obligations in relation to that Class owed to the relevant ETP Securityholders and the Trustee itself.

In addition to the security created by the applicable Trust Deed, the Issuer will, pursuant to a separate security deed entered into between the Issuer, the Security Trustee, the Manager and each Swap Provider (the "**Collateral Pool Security Deed**"), create security in respect of each Class of ETP Securities hedged by a Swap Transaction entered into by the Issuer under the same Swap Agreement (each, a "**Connected Class**") in favour of the Security Trustee over:

- (i) all of the Issuer's rights, title, interest and benefit present and future in, to and under the Swap Agreement (including the Credit Support Document relating thereto), the Swap Provider Agreement, such Collateral Pool Security Deed, the relevant Collateral Administration Agreement and any agreement under which a Liquidation Agent is appointed; and
- (ii) the collateral transferred by the relevant Swap Provider to the Issuer under the Credit Support Document between it and the Issuer and certain cash, property and contractual claims of the Issuer that relate solely to that Swap Agreement,

as continuing security for the Issuer's obligations owed to the ETP Securityholders of each Connected Class, such Swap Provider and the Security Trustee itself.

### *Limited Recourse*

If, in relation to a Class of ETP Securities, the net proceeds of the realisation of the security created in respect of such Class by the applicable Trust Deed and each relevant Collateral Pool Security Deed are insufficient to pay all amounts owed by the Issuer to the secured creditors in respect of that Class, no other assets of the Issuer will be available to meet any shortfall and all outstanding claims of such secured creditors will be extinguished. No party will be entitled to take any further steps against the Issuer to recover any further sum.

### *Ranking*

The Trustee will apply the proceeds derived from the realisation of the assets that are the subject of the security constituted by a Trust Deed in the applicable order of priority under which amounts due to the ETP Securityholders will be subordinated to amounts due to the Trustee itself and any receiver, in each case in relation to the ETP Securities.

The Security Trustee will apply the proceeds derived from the realisation of the assets that are the subject of the security constituted by a Collateral Pool Security Deed in the applicable order of priority under which amounts due to the ETP Securityholders of each Connected Class (ranking *pari passu* without preference among themselves) will be subordinated to amounts due to the Security Trustee itself, any receiver, any Liquidation Agent and the relevant Swap Provider, in each case in relation to the ETP Securities of a Connected Class.

#### *Events of Default*

The occurrence of any of the following events with respect to a Class of ETP Securities will constitute an “**Event of Default**” with respect to such Class:

- (i) the Issuer defaults in the payment of any sum due in respect of the ETP Securities or any of them for a period of 14 calendar days or more;
- (ii) the Issuer does not perform or comply with any one or more of its other obligations under the ETP Securities, the applicable Trust Deed, any other programme document or an applicable relevant Collateral Pool Security Deed, in certain cases continuing for a specified period of time after notice of such breach is given to the Issuer;
- (iii) any order shall be made by any competent court or any resolution passed for the winding-up or dissolution of the Issuer;
- (iv) an examiner is appointed in respect of the Issuer; or
- (v) a Swap Transaction in respect of a Class of ETP Securities terminates prior to the Final Redemption Date of that Class following the occurrence of an event of default with respect to the Issuer;
- (vi) a Swap Transaction in respect of a Class of ETP Securities terminates prior to the Final Redemption Date of that Class following the occurrence of an event of default with respect to the relevant Swap Provider, and the Issuer is unable to enter into a replacement transaction with a Swap Provider on or prior to the 30<sup>th</sup> calendar day following such termination; or
- (vii) the Collateral Administrator has become bankrupt; or
- (viii) the Issuer fails to pay any termination payment due and payable by it to a Swap Provider in the event of the replacement of one or more terminated Swap Transactions.

If an Event of Default occurs, the Trustee may, or will in the case of an Event of Default described in (viii) above or otherwise if directed by the holders of such ETP Securities, provided that it has been indemnified and/or secured and/or prefunded to its satisfaction, declare such ETP Securities immediately due and payable at their Redemption Amount.

In addition, the Trustee will, if any Connected Class is declared due and payable prior to its scheduled date of redemption as a result of an event of default pursuant to its terms and conditions, provided that it has been indemnified and/or secured and/or prefunded to its satisfaction, declare each other Connected Class immediately due and payable at their Redemption Amount.

#### *Meetings of holders*

Meetings of the holders of a Class of ETP Securities may be convened to consider any matter affecting their interests. These provisions permit specified majorities of the ETP Securityholders attending or represented at any such meeting to pass resolutions binding all holders of such Class of ETP

Securities, including holders who did not attend or vote at such meeting, or who voted against the passing of such resolutions.

*Governing law*

English law.

C.9 Interest

The ETP Securities will not bear interest at a prescribed rate. The return (if any) on the ETP Securities shall be calculated in accordance with the Redemption provisions summarised below.

Redemption

*Final Redemption*

The ETP Securities of each Class become due and payable on the day that falls three “Currency Business Days” (being a day on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the currency of denomination of such Class or, in the case of euros, a city in which banks in general have access to the TARGET2 System) after the final day of the relevant Redemption Unwind Period (as defined below) at their “**Redemption Amount**”, which shall be an amount equal to the greater of:

- (i) the Principal Amount of an ETP Security; and
- (ii) the “Weighted Average Price per ETP Security”, being the weighted average of the Price per ETP Security in respect of each valuation date, commencing on the Final Redemption Date, required to unwind the ETP Securities based on the maximum daily termination limits agreed by the Issuer with each Swap Provider, as reduced on account of the applicable swap execution costs charged by the relevant Swap Providers.

*Optional Redemption*

An ETP Securityholder which is also an Authorised Participant may require the Issuer to redeem all or part of its holding of ETP Securities of a Class at the Optional Redemption Amount by delivering to the Issuer a valid form (a “**Redemption Order**”) specifying either “Index Pricing” or “Agreed Pricing”.

The “**Optional Redemption Amount**” in respect of an ETP Security will be an amount per ETP Security equal to either:

- (i) if “Index Pricing” applies, the Price per ETP Security as at the valuation date on which the Issuer receives (or is deemed to receive) the Redemption Order, as reduced on account of the applicable swap execution costs charged by the relevant Swap Providers; or
- (ii) if “Agreed Pricing” applies, the amount agreed between the relevant Authorised Participant and the relevant Swap Provider(s), as specified in the relevant Redemption Order.

An ETP Securityholder which is not also an Authorised Participant may, only where the Issuer has notified each ETP Securityholder that they may, by delivery of a Redemption Order, require the Issuer to redeem all or any part of its holding of ETP Securities at an amount calculated on the basis of “Index Pricing”.

The Issuer may, at its discretion, deduct a fee of EUR 500 from the aggregate amount payable to an ETP Securityholder in respect of an optional redemption of ETP Securities. Further, the aggregate amount payable in respect of such redemption will be reduced by an amount equal to the redemption execution fee charged by the relevant Swap Provider(s) to the Issuer.

### *Issuer Optional Redemption*

The Issuer has the right at any time to call all but not some of the ETP Securities of a Class for early redemption at their Redemption Amount.

### *Compulsory Redemption*

The ETP Securities of a Class will fall for compulsory redemption if any of the following events occur:

- (i) a Swap Transaction entered into by the Issuer in connection with such Class terminates in whole prior to its scheduled date of termination following (a) the cancellation, modification or disruption of the Index referenced by that Swap Transaction if no successor index is designated by the Issuer and the relevant Swap Provider; (b) a change in any applicable law or regulation that results in it being illegal for the relevant Swap Provider to hedge its risks under such Swap Transaction, or materially increases the cost to the Issuer or the Swap Provider of its obligations under such Swap Transaction; (c) the relevant Swap Provider is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transactions or assets that it deems necessary to hedge its obligations with respect to that Swap Transaction; (d) a disruption to any relevant exchange with respect to the underlying assets for the applicable index; (e) a disruption to any relevant exchange with respect to the underlying assets for the applicable index together with an intraday fall in the level of the applicable index in excess of the threshold specified for such Swap Transaction or (f) an overnight fall (in the case of long ETP Securities) or rise (in the case of short ETP Securities) in the level of the applicable index in excess of the threshold specified for such Swap Transaction
- (ii) if on any valuation date falling on or after the 60<sup>th</sup> calendar day following the Price per ETP Security falling below 500 per cent. of the Principal Amount of such ETP Securities, the Price per ETP Security is less than 200 per cent. of the Principal Amount of such ETP Securities;
- (iii) any of the Determination Agent, the Issuing and Paying Agent, the Registrar, the Collateral Administrator, and/or all of the Authorised Participants in relation to the ETP Securities resign their appointment or their appointment is terminated for any reason and no successor or replacement has been appointed at the time that such resignation or termination takes effect;
- (iv) if the Price per ETP Security in respect of the ETP Securities has not been published by or on behalf of the Issuer for 14 consecutive valuation dates;
- (v) as a consequence of a change in any applicable law, regulation, rule, order, ruling or procedure or due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation, either:
  - (a) it has or will become illegal for the Issuer to (x) hold, acquire or dispose of all of the types of Eligible Collateral, and/or (y) perform its obligations under such ETP Securities and/or any relevant Swap Agreement; or
  - (b) the Issuer would (or would expect to) incur a materially increased cost in performing its obligations under such ETP Securities and/or any relevant Swap Agreement;

- (vi) an early termination date occurs or is designated by either the Issuer or the relevant Swap Provider on which a Swap Transaction relating to such ETP Securities is to terminate in whole prior to its scheduled date of termination, and (where applicable) such Swap Transaction is not replaced, in circumstances which do not constitute an Event of Default with respect to such ETP Securities (including where the Collateral Administrator's long-term credit rating has fallen to BBB+ or below by S&P or the equivalent rating by Moody's or Fitch); or
- (vii) the Issuer exercises its option to call some or all of such ETP Securities for early redemption.

The amount payable in respect of an ETP Security falling for compulsory redemption will be limited to the greater of its Principal Amount and its pro rata portion of the amount payable to the Issuer in respect of termination of the related Swap Transactions.

*Trustee*

The Trustee in respect of each Class of ETP Securities shall be The Law Debenture Trust Corporation p.l.c.

C.10	Derivative component of interest	Not applicable - the ETP Securities do not bear interest at a prescribed rate.
C.11	Admission to Trading	<p>Application may be made to the London Stock Exchange for the ETP Securities issued under this Programme to be admitted to the official list of the London Stock Exchange and to be admitted to listing and trading on the Main Market of the London Stock Exchange.</p> <p>Application may be made to the Frankfurt Stock Exchange (<i>Frankfurter Wertpapierbörse</i>) for the ETP Securities issued under this Programme to be admitted to the official list of the Frankfurt Stock Exchange and to be admitted to listing and trading on the Regulated Market (General Standard) (<i>Regulierter Markt General Standard</i>) of the Frankfurt Stock Exchange.</p> <p>Application may be made to the Italian Stock Exchange (<i>Borsa Italiana</i>) for the ETP Securities issued under this Programme to be admitted to the official list of the Italian Stock Exchange and to be admitted to listing and trading on the Regulated Market of the Italian Stock Exchange.</p> <p><b>Issue specific summary:</b></p> <p>[Application has been made to the London Stock Exchange for the ETP Securities issued under this Programme to be admitted to the official list of the London Stock Exchange and to be admitted to listing and trading on the Main Market of the London Stock Exchange].</p> <p>[Application has been made to the Frankfurt Stock Exchange (<i>Frankfurter Wertpapierbörse</i>) for the ETP Securities issued under this Programme to be admitted to the official list of the Frankfurt Stock Exchange and to be admitted to listing and trading on the Regulated Market (General Standard) (<i>Regulierter Markt General Standard</i>) of the Frankfurt Stock Exchange.]</p> <p>[Application has been made to the Italian Stock Exchange (<i>Borsa Italiana</i>) for the ETP Securities issued under this Programme to be admitted to the official list of the Italian Stock Exchange and to be admitted to listing and trading on the Regulated Market of the Italian Stock Exchange.]</p>
C.12	Minimum denomination	The " <b>Principal Amount</b> " of an ETP Security of a Class will be specified in the Final Terms for such Class, provided that such principal amount may be adjusted with the approval of the ETP Securityholders of that Class in the event that the Price per ETP Security falls below 500 per cent. of the then

Principal Amount of such ETP Securities. The Principal Amount of the ETP Securities of a Class may be less than EUR 100,000 per ETP Security (or the currency of denomination of such Class as specified in the relevant Final Terms).

**Issue specific summary:**

[Each ETP Security has a Principal Amount of [US\$[ ]/€[ ]/£[ ]/CHF[ ]/HK\$[ ]].

C.15 Value of the investment is affected by the value of the underlying instruments

The “**Price per ETP Security**” reflects the level of the Index referenced by the ETP Securities, calculated in accordance with the following formula:

$$P_t = P_{t-1} \times [1 + R_t] \times [1 - CA_t]$$

where:

“ $P_t$ ” is the Price per ETP Security on  $t$  and  $P_0$  is the Initial Price.

“**Initial Price**” is the issue price of the first Tranche of such Class.

“ $P_{t-1}$ ” is the Price per ETP Security on  $t-1$ .

“ $t$ ” is the valuation date in respect of which the Price per ETP Security is being calculated.

“ $t-1$ ” is the valuation date preceding  $t$  (with “ $t_0$ ” being the issue date of the first Tranche of such Class).

“ $CA_t$ ” is the daily fee adjustment applicable to an ETP Security of the relevant Class on  $t$ , which accounts for the fees (including management fees and any daily swap fees) payable in respect of that Class of ETP Security.

“ $R_t$ ” is the daily leveraged return as a result of changes in the Benchmark Index applicable to an ETP Security of the relevant Class on  $t$ , which also accounts for any funding and borrowing adjustments applicable to that Class of ETP Security.

C.16 Expiration/  
Maturity date

The ETP Securities shall have a final maturity date of 30 November 2062.

C.17 Settlement

The Issuer is a participating issuer in CREST, a paperless system for the settlement of transfers and holding of securities. On creation or redemption of the ETP Securities in uncertificated registered form, settlement will occur (provided certain conditions are met) on the third business day following receipt of the relevant creation or redemption request on a delivery versus payment basis within CREST. Title to the uncertificated registered securities is recorded on the Register and shall pass by registration in the Register.

**Issue specific summary:**

[ETP Securities represented by a global bearer security or a global registered certificate shall be cleared through Euroclear Bank S.A./N.V. and/or Clearstream Banking, société anonyme, Luxembourg or Clearstream Banking AG, Frankfurt.]

[Title to the ETP Securities in definitive registered form is recorded on the Register and shall pass by registration in the Register.]

C.18 Description of return

A ETP Security entitles a Security holder (provided it is an Authorised Participant or any ETP Securityholder in certain other limited circumstances) to require the redemption of a ETP Security and receive a cash amount in respect of such redemption that is linked to the performance of the applicable index, as described in C.9 above.

C.19	Final price / exercise price	See C.9 above for a description of the amount payable in respect of the redemption of an ETP Security.
C.20	Type of underlying and where information on underlying can be found	Each Class of ETP Securities will reference the daily performance of an unleveraged equity or commodity index (the “ <b>Benchmark Index</b> ”). A Class of leveraged or short ETP Securities may refer to the performance of the Benchmark Index directly (in which case leverage and/or shorting would be applied in the formula for the calculation of the Price per ETP Security) or indirectly (in which case the formula for the calculation of the Price per ETP Security will refer to the level of an index that is itself a leveraged and/or short derivative of the Benchmark Index).

**Issue specific summary:**

The ETP Securities provide a [[2/3 times leveraged] [long/short] exposure linked to the daily return of the [*insert Benchmark Index*] (the “**Benchmark Index**”). Further information on such index can be found at [*insert sponsor's webpage or other information source*].

**Section D – Risks**

<b>Element</b>	<b>Description of Element</b>	<b>Disclosure requirement</b>
D.2	Key risks specific to the Issuer	<p>The Issuer is not an operating company. The Issuer is a special purpose vehicle with the sole business of issuing ETP Securities. The Issuer's only funds to make payments in respect of a Class of ETP Securities are the amounts received by it from the relevant Swap Provider(s) under the Swap Transactions entered into by the Issuer in relation to that Class.</p> <p>In the event that the security created by the Issuer in favour of the ETP Securityholders of a Class (among others) is enforced, and the proceeds of such enforcement are, after making payment to all senior ranking creditors, insufficient to pay all amounts due to such ETP Securityholders in full, the Issuer shall have no liability for any shortfall in payment and none of the ETP Securityholders or the Trustee may take any further action to recover such amounts</p>
D.6	Key risks specific to ETP Securities	<p><b>An investment in ETP Securities involves a significant degree of risk and an investor may lose the value of its entire investment or part of it.</b> The following are the key risk factors which should be carefully considered by prospective investors before deciding whether to invest in ETP Securities. Investors should consult their own financial, legal, accounting and tax advisors about the risks of an investment in ETP Securities.</p> <p>There are significant risks associated with an investment in ETP Securities including, without limitation, leverage risk (for leveraged ETP Securities), inverse risk (for short ETP Securities), exchange rate risk, price risk, counterparty risk and liquidity risk.</p> <p>Past performance is not an indication of expected future performance and the investment performance of ETP Securities could be volatile.</p> <p>General movements in local and international markets and factors that affect the investment climate and investor sentiment could all affect the level of trading and, therefore, the market price of the ETP Securities. Investors should note that general movements in markets and factors that affect the investor climate and investor sentiment may have different effects on each Class of ETP Securities.</p> <p>Investors are dependent on there being one or more Authorised Participants making a market in ETP Securities in order to provide investors with liquidity. If there are no Authorised Participants, or the Authorised Participant(s) fail to effectively make a market in the ETP Securities of a Class, the investors may</p>

not be able to sell any such ETP Securities within a short time period, or at a price close to the Price per ETP Security for that Class.

The ETP Securities are index-linked securities. The amount payable on redemption of the ETP Securities (and consequently the trading value of each ETP Security) will be linked to the daily performance of the Benchmark Index, which in turn will be linked to the performance of the assets underlying that index. Investors have no ownership rights in any of the component assets of the Benchmark Index.

**Issue specific summary:**

[ETP Securities (“**Leveraged ETP Securities**”) giving investors a leveraged and/or short exposure to the performance of the Benchmark Index will be much more volatile than unleveraged investment in the constituent assets of the Benchmark Index. Relatively small changes in the value of the relevant constituent assets may cause investors to lose some, or all, of their investment in an accelerated timescale.

An investment in Leveraged ETP Securities (long or short) is suitable only for a sophisticated investor who is able to monitor its position in such ETP Securities on a frequent basis, and who understands the risks of compounded daily returns. Leveraged ETP Securities give the stated exposure to reference indices on a daily basis and accordingly, over periods of more than one day, their performance can differ significantly from the performance of the relevant Benchmark Index multiplied by the applicable leverage factor for such longer period.

Accordingly, Leveraged ETP Securities are suitable only for short-term investment by knowledgeable investors who understand the increased risks of an investment in leveraged and/or short products.]

**Section E – Offer**

<b>Element</b>	<b>Description of Element</b>	<b>Disclosure requirement</b>
E.2b	Reasons for the offer and use of proceeds	Not applicable - the reasons for the offer and use of proceeds are not different from making profit and/or hedging.
E.3	Terms and conditions of the offer	The ETP Securities are being made available by the Issuer for subscription only to Authorised Participants who have submitted a valid subscription order to the Issuer. New issuances of ETP Securities will generally be settled on the third London business day following the date on which a valid subscription order is received by the Issuer, together with the applicable fee, provided that such order is received prior to 2.00 p.m. London time on such day.
E.4	Material interests in the offer	It is possible that a Swap Provider or an Authorised Participant in respect of a Class of ETP Securities issued under the Programme will be the sponsor of the index in respect of that Class. These roles could potentially lead to conflicts of interest.
E.7	Expenses	A EUR 500 fee per creation or redemption carried out directly with the Issuer will be charged by the Issuer to the relevant Authorised Participant, unless waived in the Issuer’s sole discretion.

If an ETP Securityholder delivers a Redemption Order to the Issuer requiring the redemption of any ETP Securities, the aggregate amount payable in respect of such redemption will be reduced by an amount equal to the redemption execution fee charged by the relevant Swap Provider(s) to the Issuer.

No other costs will be charged to investors by the Issuer.

## RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the ETP Securities issued under the Programme. Some of these factors describe potential events which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with ETP Securities issued under the Programme are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in ETP Securities issued under the Programme, but the inability of the Issuer to pay any amounts on or in connection with any ETP Securities may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any ETP Securities are exhaustive. Before making an investment decision, prospective purchasers of ETP Securities should consider carefully, in the light of their own financial circumstances and investment objectives, all the detailed information set out elsewhere in this document (including any documents incorporated by reference herein) and, in particular, the considerations set forth below in order to reach their own views prior to making any investment decision.*

### General

This Base Prospectus identifies in general terms certain information that a prospective investor should consider prior to making an investment in the ETP Securities. However, a prospective investor should, without any reliance on the Issuer, any Swap Provider or any Authorised Participant or any of their respective Affiliates, conduct its own thorough analysis (including its own accounting, legal and tax analysis) prior to deciding whether to invest in any ETP Securities issued under the Programme. Any evaluation of the suitability for an investor of an investment in ETP Securities issued under the Programme depends upon a prospective investor's particular financial and other circumstances, as well as on specific terms of the relevant ETP Securities and, if it does not have experience in financial, business and investment matters sufficient to permit it to make such a determination, it should consult with its financial adviser prior to deciding whether or not to make an investment in the ETP Securities.

This Base Prospectus is not, and does not purport to be, investment advice, and none of the Issuer, the Authorised Participants or the Swap Providers makes any recommendation as to the suitability of the ETP Securities as an investment. The provision of this Base Prospectus to prospective investors is not based on any prospective investor's individual circumstances and should not be relied upon as an assessment of suitability for any prospective investor in the ETP Securities. Even if the Issuer, any of the Authorised Participants or any of the Swap Providers possess limited information as to the objectives of any prospective investor in relation to any transaction, series of transactions or trading strategy, this will not be deemed sufficient for any assessment of suitability for such person of the ETP Securities. Any trading or investment decisions a prospective investor takes are in reliance on its own analysis and judgment and/or that of its advisers and not in reliance on the Issuer, the Authorised Participants, the Swap Providers or any of their respective Affiliates.

In particular, each prospective investor in the ETP Securities must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the ETP Securities (i) is fully consistent with its (or, if it is acquiring the ETP Securities in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the ETP Securities as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or, if it is acquiring the ETP Securities in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the ETP Securities.

Each prospective investor in ETP Securities should have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant ETP Securities, including, without limitation, where the currency for payments is different from the potential investor's currency, the associated currency exposure. See "*Exchange rate risks and exchange controls*" below.

Investment activities of certain investors are subject to investment laws and regulations or review or regulation by certain authorities. Each prospective investor should therefore consult its legal advisers to determine whether and to what extent (i) the ETP Securities are legal investments for it, (ii) if relevant, the ETP Securities can be used as underlying securities for various types of borrowing and (iii) other restrictions apply to its purchase or, if relevant, pledge of any ETP Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of ETP

Securities under any applicable risk-based capital or similar rules.

## **Risk factors relating to the ETP Securities**

### ***Market price of the ETP Securities***

The ETP Securities may have a long term and the only means through which an investor will be able to realise value from an ETP Security prior to its Final Redemption Settlement Date will be to sell it at its then market price in a secondary transaction. While each Authorised Participant appointed in respect of the Programme and/or a Class of ETP Securities intends to make a market for the relevant Class of ETP Securities in respect of which it is appointed as an Authorised Participant, no Authorised Participant is obliged to make a market for any Class of ETP Securities (including any Class in respect of which it is appointed as an Authorised Participant) and an Authorised Participant may discontinue making a market at any time.

General movements in local and international markets and factors that affect the investment climate and investor sentiment could all affect the level of trading and, therefore, the market price of the ETP Securities. Investors should note that general movements in markets and factors that affect the investor climate and investor sentiment may have different effects on each Class of ETP Securities. The Price per ETP Security and/or market price of the ETP Securities may be volatile and may fall rapidly and an investor may not be able to sell its ETP Securities quickly and/or at a price such that the investor is able to prevent or minimise any loss of its investment.

The market price of the ETP Securities of a Class will be affected by a number of factors, including, but not limited to:

- (i) the value and volatility of the Index referenced by such Class of ETP Securities and the assets underlying that Index;
- (ii) the degree of leverage (if any) applicable to such Class of ETP Securities;
- (iii) market perception, interest rates, yields and foreign exchange rates;
- (iv) whether or not any market disruption is subsisting;
- (v) the nature and value of the Swap Transaction and the Credit Support Document entered into by the Issuer in connection with the relevant Class of ETP Securities and the creditworthiness of the Swap Provider in respect of such Swap Transaction and Credit Support Document;
- (vi) the nature and value of any Posted Collateral under the Credit Support Document relating to such Class of ETP Securities;
- (vii) the creditworthiness of the Collateral Administrator and any Sub-custodian; and
- (viii) the liquidity in the ETP Securities.

Prospective investors should be aware that the Price per ETP Security and the secondary market price of the ETP Securities can go down as well as up throughout the term of the ETP Securities. Commodity and commodity futures contracts prices, in particular, are generally more volatile than prices in other asset classes and the secondary market Price per ETP Security linked to a commodity index may demonstrate similar volatility. Prospective investors should be aware that the Price per ETP Security and market price of any ETP Securities on any Valuation Date may not reflect their prior or future performance. There can be no assurance as to the future value and market price of any ETP Securities.

**An investment in ETP Securities involves a significant degree of risk and an investor may lose the value of its entire investment or part of it.**

### ***Market-making by Authorised Participants***

The price (if any) provided by an Authorised Participant for the purchase or sale of ETP Securities in the secondary market (whether in an on-exchange or off-exchange transaction), and the number of ETP Securities subject to any such offer, will be determined at the absolute discretion of that Authorised Participant by reference to such factors as it sees fit.

An Authorised Participant may maintain such bid/offer spread as it determines in its absolute discretion.

The bid/offer spread is the difference between the bid price (i.e. the price at which a holder can sell ETP Securities to the Authorised Participant) and the offer price (i.e. the price at which a holder can buy ETP Securities from the Authorised Participant). Any price provided by an Authorised Participant or other secondary market price may take into account fees (including any dealing order fees charged by the Issuer to such Authorised Participant), charges, duties, taxes, commissions, liquidity, market spreads and/or other factors.

Prospective investors should note that:

- (i) not all market participants and Authorised Participants will determine the price of the ETP Securities of a Class in the same manner, and the variation between such valuations and prices quoted may be substantial;
- (ii) the number of ETP Securities of a Class subject to any offer made by an Authorised Participant or otherwise in the secondary market may be affected by market demand for the ETP Securities of that Class, the number of ETP Securities of that Class in issue, whether any Swap Provider(s) have requisite capacity to enter into hedging swap transactions in respect of any new ETP Securities, and whether subscriptions can be processed, and prevailing market conditions;
- (iii) they may not be able to sell their ETP Securities quickly, easily or at prices that will provide them with a yield comparable to other similar investments;
- (iv) any price at which the ETP Securities of a Class may be sold prior to the Final Redemption Date may be at a discount, which could be substantial, to the price at which the ETP Securities were acquired by the relevant investor; and
- (v) illiquidity may have a severely adverse effect on the market Price per ETP Security.

Prospective investors should be aware that ETP Securities requested for issue and subscribed for by an Authorised Participant may be held on an inventory basis by such Authorised Participant and offered for sale and/or sold over a period of time. Investors should not assume that ETP Securities will automatically be placed with investors by the relevant Authorised Participant(s) immediately upon issue. To the extent that the Authorised Participants hold ETP Securities at any time, they may exercise their rights under them in such manner as they see fit in their own interests and need not have regard to the interests of other holders of ETP Securities or any other person. In particular, an Authorised Participant that is a holder of ETP Securities may vote at any meeting of holders of such ETP Securities or approve any resolution of such holders as it sees fit (including with respect to any changes to the terms of the ETP Securities proposed by the Issuer).

### ***Tracking error***

At any time, the price at which ETP Securities trade on the London Stock Exchange (or any other exchange or market on which they may be quoted or traded) may not reflect accurately the Price per ETP Security thereof. The application and redemption procedures for ETP Securities and the role of the Authorised Participant(s) as market-makers are intended to minimise this potential difference or "tracking error". However, the market Price per ETP Security will be a function of supply and demand amongst investors wishing to buy and sell ETP Securities and the bid/offer spread that market-makers are willing to quote for ETP Securities.

The Issuer's ability to issue new ETP Securities of a Class is subject to its ability to enter into, or upsize, Swap Transactions in connection with such Class in order to hedge its obligations under such new ETP Securities. In the relevant Swap Provider Agreement each Swap Provider will agree limits on the notional amounts of the Swap Transactions to be entered into in relation to each Class of ETP Securities, and in relation to all Classes of ETP Securities in aggregate. Such capacity limits will reference the relevant Swap Provider's exposure, pursuant to all Swap Transactions entered into by the Issuer with the such Swap Provider in connection with any Class of ETP Securities, to the relevant Benchmark Index, and accordingly the capacity limits for each Class of ETP Securities that reference the same Benchmark Index, whether long or short, leveraged or unleveraged, will be interdependent. The Issuer will use reasonable efforts to notify an ETP Securityholder of the then applicable Swap Provider capacity limits upon written request.

If the Issuer is unable to issue new ETP Securities of a Class due to Swap Provider capacity limits being breached, and there is high market demand for ETP Securities of such Class, then such ETP Securities may trade at a significant premium to their Price per ETP Security. An investor who buys any such ETP Securities in such circumstances may incur a significant loss should either market demand fall, or should a

Swap Provider agree to increase its capacity limits with respect to the relevant Benchmark Index in order that further ETP Securities of such Class may be issued, such significant loss can even occur where the Price per ETP Security has increased during the period of that investor's holding of such ETP Securities.

### ***Issuer's right to vary fees***

The fees that are taken into account in calculating the Price per ETP Security in respect of a Class on any Valuation Date (comprising the Annual Management Fee Rate and the Daily Swap Rate as applicable to such ETP Securities) may be varied upon the Issuer giving notice to the ETP Securityholders. Potential investors should note that the Issuer is not required to consider the interests of the ETP Securityholders in making any such variation.

### ***Issuer's right to vary funding and borrowing adjustments***

If the ETP Securities of a Class reference an index whose methodology does not take account of funding and borrowing adjustments, the formula for calculating the Price per ETP Security for such Class will take into account the Funding Spread and/or Stock Borrow Rate. This is generally relevant for Non Leveraged Indices but may also be relevant for Leveraged Indices. The applicable Funding Spread and/or Stock Borrow Rate may be varied by agreement between the Issuer and the relevant Swap Provider(s). Potential investors should note that the Issuer and the Swap Providers are not required to consider the interests of the ETP Securityholders in making any such variation. Investors should also note that, if the methodology for the relevant Index does take account funding and borrowing adjustments, the relevant Index Sponsor may vary such inputs without regard to the interests of the ETP Securityholders.

### ***Optional redemption***

Only Authorised Participants may deal with the Issuer in subscribing for or requiring the Issuer to redeem outstanding ETP Securities, save in relation to Optional Redemptions at any time following notification by the Issuer that redemption requests from ETP Securityholders which are not Authorised Participants will be permitted.

Prospective purchasers should note that the Optional Redemption Amount payable by the Issuer to an ETP Securityholder in respect of an ETP Security will be reduced on account of the applicable Swap Execution Rate(s). As such, the amount due to an ETP Securityholder in respect of each ETP Security held by it on the Optional Redemption Settlement Date will be less than the aggregate Price per ETP Security in respect of such ETP Securities.

## **Risks relating to the Indices**

### ***Index-linked securities***

The ETP Securities are index-linked securities. Prospective investors should note that the amount payable on the redemption of the ETP Securities of any Class will be linked to the daily performance of the Benchmark Index referenced by that Class.

Prospective investors should be aware that the level of an Index can go down as well as up and that the past performance of an Index will not be indicative of its future performance. There can be no assurance as to the future performance of any Index to which the ETP Securities are linked. The ETP Securities may trade differently from the performance of the Index and changes in the level of the Index may not result in a comparable change in the market value of the ETP Securities or in the Price per ETP Security.

Prospective investors should be aware that, in addition to any Management Fee deducted in the calculation of the Price per ETP Security, fees and other adjustments may be deducted in the calculation of the level of the Index by the relevant Index Sponsor. Prospective investors should carry out their own detailed review of the composition and calculation of the applicable Index and the rules relating thereto and ensure that they understand the fees and adjustments and any other amounts deducted from (or added to) the Index, the impact such fees may have on the level of the Index and the circumstances in which any such fees and adjustments may change.

Accordingly, before investing in any ETP Securities, prospective investors should carefully consider whether an investment based on the performance of the applicable Index is suitable for them and in all cases an investor in ETP Securities should carry out its own detailed review of the applicable Index and the rules relating thereto.

## ***Risks associated with Indices generally***

*Factors affecting the performance of Indices may adversely affect the value of the ETP Securities*

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

*The returns on the ETP Securities may not reflect a direct investment in the assets comprised in the applicable Index*

The return payable on ETP Securities linked to an Index may not reflect the return an investor would realise if it actually owned the relevant items comprising the components of the Index. For example, if the components of the Index are shares, holders of the ETP Securities linked to such Index will not receive any dividends paid on those shares and will not participate in the return on those dividends unless the applicable Index takes such dividends into account for purposes of calculating the relevant level. Similarly, the holders of such securities will not have any voting rights in the underlying equities or any other assets which may comprise the components of such Index. Accordingly, investors in ETP Securities may receive a lower payment upon settlement or redemption of such ETP Securities than such investor would have received if it had invested in the components of the Index to which such ETP Securities are linked.

*The actions of the Index Sponsor, including any change in the composition or discontinuance of an Index, could adversely affect the market value of the ETP Securities referencing such Index*

The sponsor of each Index is responsible for the composition, calculation and maintenance of that Index. The sponsor of any Index can add, delete or substitute the components of such Index or make other methodological changes that could change the level of one or more components. The composition of an Index may therefore change over time as additional components satisfy the eligibility criteria or components currently included in such Index fail to satisfy such criteria. The modification of components of any Index may affect the level of such Index, which would affect the payments made by the Issuer to the investors in the ETP Securities referencing such Index. The sponsor of any such Index may also alter, discontinue or suspend calculation or dissemination of such Index. The sponsor of an Index will have no involvement in the offer and sale of the ETP Securities and will have no obligation to any investor in such ETP Securities. The sponsor of an Index may take any actions in respect of such Index without regard to the interests of the investor in the ETP Securities, and any of these actions could adversely affect the market value of the ETP Securities.

The Issuer is not affiliated with the sponsor of any Index in any way (except for the agreements and licensing arrangements described in this Base Prospectus) and has no ability to control or predict their actions, including any errors in or discontinuation of disclosure regarding its methods or policies relating to the calculation of any Index or related Indices.

### *Disruption Events/Adjustment Events/Change in Law*

Any Valuation Date of a Class of ETP Securities may become subject to disruption due to occurrence of certain events including, without limitation:

- (i) in the case of an equity index, any applicable Exchange or Related Exchange failing to open for its regular trading session; or suspends or limits trading of any components of such index, or an event occurs that impairs trading or valuation on the Exchange of; any components of such index;
- (ii) In the case of a commodity index, the failure by the relevant price source to announce or publish the price of any component of such index, the termination, material suspension or material disruption in trading, of any component of such index; the settlement price of any component of such index having increased or decreased from the previous day's published settlement price by an amount equal to the maximum amount permitted under the applicable exchange rules for such futures contract; or the failure by the relevant exchange to announce or publish the settlement price or the level for any component of such index or the early closure of the exchange in respect of any component of such index;
- (iii) the performance of a Reference Benchmark falling (in the case of a Long ETP Security) or rising (in

- the case of a Short ETP Security) overnight by more than the applicable threshold;
- (iv) the Index Sponsor permanently cancelling the Index;
  - (v) the Index Sponsor announcing that it will make a material change in the formula for, or the method of, calculating the Index or in any other way materially modifying the Index;
  - (vi) the Index Sponsor failing to calculate and announce the level of the Index; or
  - (vii) a change in any applicable law or regulation that causes it to become illegal for the Swap Provider to hold, acquire or dispose of hedging transactions in respect of its obligations under a Swap Transaction, or causing a Swap Provider to incur materially increased costs in maintaining or hedging a Swap Transaction.

The consequences of such events may include, variously, disruptions or delays to pricing of ETP Securities, the postponement of subscriptions for, and redemptions of, ETP Securities, adjustments to the terms of the ETP Securities and the designation of a successor index. Ultimately, the occurrence of any such event may trigger the compulsory redemption of the affected Class of ETP Securities. In this eventuality, the amount which an ETP Securityholder may receive in respect of each ETP Security subject to such redemption may be lower than the Price per ETP Security.

### **Additional risks associated with commodity indices**

#### ***Relationship between commodity indices, commodity futures contracts and physical commodities***

The Index to which a Class of ETP Securities is linked may reference one or more commodities or commodity futures contracts. However, prospective investors should be aware that an investment in the ETP Securities is not the same as an investment in the relevant commodity Index or the physical commodities underlying that Index.

A commodity futures contract is an agreement either (i) to buy or sell a set amount of a physical commodity at a predetermined price for delivery within a predetermined delivery period (which is generally referred to as a “delivery month”), or (ii) to make or receive a cash payment based on changes in the price of the commodity. Generally speaking, the return on an investment in commodity futures contracts is correlated with, but different from, the return on buying and holding the relevant physical commodities.

Any commodity Index to which a Class of ETP Securities relates may be designed to provide long or short exposure to a single commodity or commodity futures contract or to a basket of commodities or commodity futures contracts and may employ leverage.

The level of a commodity Index replicates an actual investment (a sale in the case of an Index providing a short exposure or a purchase in the case of an Index providing a long exposure, as applicable) in commodities or commodity futures contracts as applicable, and therefore goes up or down depending on the overall performance of the commodities or commodity futures contracts (or basket thereof, as applicable). As commodity futures contracts expire periodically, in order to maintain an investment in commodity futures contracts, it is necessary to liquidate such commodity futures contracts before they expire and establish positions in longer-dated commodity futures contracts. This feature of a commodity Index, which is discussed below – see “*Exposure to “rolling” and its impact on the performance of a commodity Index*” below – has important implications for changes in the value of a commodity Index. Furthermore, the performance of a commodity Index is dependent upon the macroeconomic factors relating to the commodities that underpin such Index or the commodity futures contracts included in such Index, such as supply and demand, liquidity, weather conditions and natural disasters, direct investment costs, location and changes in tax rates.

The performance of commodities and/or commodity futures contracts in one sector might offset the performance of commodities and/or commodity futures contracts in another sector but there can be no assurance that this will be the case.

An investment in a commodity Index is not the same as investing directly in the underlying physical commodities. A commodity Index that tracks commodity futures contracts is not the same as one that tracks the related physical commodities and is not the same as investing in the relevant physical commodities. This is because while holding an inventory of physical commodities may have certain economic benefits (for example, a refinery could use a reserve of crude oil for the continuation of its operations), it also poses administrative burdens and costs, including those arising from the need to store or transport physical

commodities. These requirements and costs may prove unattractive to investors who are interested solely in the price movement of commodities. An Index of commodity futures contracts permits an investor to obtain exposure to the prices of commodities without directly incurring these requirements and costs. However, an investor in an Index of commodity futures contracts can be indirectly exposed to these costs, which may be reflected in the prices of the commodity futures contracts and therefore in the level of a commodity Index. Additionally, the fact that commodity futures contracts have publicly available prices allows calculation of an Index based on these prices. The use of commodity futures contracts, therefore, allows the sponsor of a commodity Index to separate the exposure to price changes from the ownership of the underlying physical commodity, and thus allow participation in the upside and downside movement of commodity prices independently of the physical commodity itself.

### ***No right to commodities or commodity futures contracts***

Investing in the ETP Securities will not make an investor the owner of any of the commodities or commodity futures contracts referenced by the relevant commodity index. No ETP Securityholder will have any rights with respect to any commodity or commodity futures contract referenced by the relevant commodity index. Any amounts payable on the ETP Securities will be in cash, and the holders of the ETP Securities will have no right to receive delivery of any commodity or commodity futures contract at any time.

### ***Changes in the price of the physical commodities contained in a commodities index will not necessarily result in correlated changes in the level of the commodities index***

If the price of the underlying commodities referenced in a commodity index changes, the level of that commodity index will not necessarily also change, or will not necessarily change to the same degree. The commodity index may track the performance of commodity futures contracts relating to such commodity or commodities or a basket of commodity futures contracts, rather than individual physical commodities themselves. Changes in the prices of commodity futures contracts should generally track changes in the prices of the underlying physical commodities, but the prices of commodity futures contracts might from time to time move in ways or to an extent that differs from movements in physical commodity prices. Therefore, the price of a particular commodity may change but the level of the commodity index referencing such commodity may not change in a correlated manner. As commodity futures contracts have expiration dates (i.e. dates upon which trading of the commodity futures contract ceases) there are certain adjustments that need to be made to a commodity index comprising of commodity futures contracts in order to retain an investment position in the commodity futures contracts. These adjustments may have a positive or negative effect on the level of the commodity index and therefore the Price per ETP Security. See “*Exposure to “rolling” and its impact on the performance of a commodity index*” below. In addition, the rules for calculation of the commodity index may include deductions for fees, may include a currency hedging component and/or other factors that affect how closely the commodity index tracks the price of the physical commodities referenced by the commodity index or the underlying commodity futures contracts referenced by the commodity index, as the case may be, and may also permit the Index Sponsor to make certain adjustments to the level of the commodity index. Any such deductions and adjustments may cause the level of the commodity index to diverge from the price of the physical commodities referenced by the commodity index or the underlying commodity futures contracts referenced by the commodity index, as the case may be.

### ***Exposure to “Rolling” and its impact on the performance of a commodity index***

Commodity indices track the performance of a basket of commodity futures contracts on certain physical commodities. Commodity futures contracts expire periodically and, in order to maintain an investment in commodity contracts, it is necessary to liquidate such commodity contracts before they expire and establish positions in longer-dated commodity contracts. Thus, for example, a futures contract purchased and held in August may specify an October expiration.

As time passes, the contract expiring in October may then be replaced by a contract for delivery in December. This process is referred to as “rolling”. If the market for these contracts is (putting aside other considerations) in “backwardation”, which means that the prices are lower in the distant delivery months than in the nearer delivery months, the sale of the October contract would take place at a price that is higher than the price of the December contract, thereby creating a “roll yield” which, in a backwardated market, tends to be positive for the relevant long commodity index.

A “contango” market means that the prices are higher in the distant delivery months than in the nearer delivery months, the sale of the October contract would take place at a price that is lower than the purchase price of the December contract, thereby creating a negative “roll yield” which tends to be negative for the relevant long commodity index. However, the existence of contango (or backwardation) in a particular

commodity market does not automatically result in negative (or positive) “roll yields”. The actual realisation of a roll yield will be dependent upon the shape of the futures curve. If the relevant part of the commodity futures curve is in backwardation - a downward sloping futures curve - then, all other factors being equal, the relevant commodity index will tend to rise over time as lower futures prices converge to higher spot prices. The opposite effect would occur for contango.

If presence of backwardation has a positive influence on the performance of a long commodity index, then this will be magnified for a Leveraged ETP Security which has a positive Product Leverage Factor. For a Short ETP Security, the presence of backwardation would have a negative impact on its return, which would be magnified for Short ETP Securities with a Product Leverage Factor greater than one.

If presence of contango has a negative influence on the performance of a long commodity index, then this will be magnified for a Leveraged ETP Security which has a positive Product Leverage Factor. For a Short ETP Security, the presence of contango may have a positive impact on its return, which would be magnified for Short ETP Securities with a Product Leverage Factor greater than one.

For commodity indices made up of two or more different underlying commodities, the extent to which such commodity index is affected by backwardation or contango will depend on whether the relevant commodity contracts are in backwardation or contango and the relative weight of each commodity contract included in the commodity index.

### **Risks relating to an investment in daily Leveraged ETP Securities**

For an explanation of the risks explained here and some simulated numerical examples, see the Section of this Base Prospectus titled “*Economic Overview of the ETP Securities – Daily return and simulated examples*”.

#### ***Magnified losses***

Leveraged ETP Securities seek to achieve a return which is a multiple of the daily return of the relevant Benchmark Index (excluding the effects of any applicable fees and adjustments). Thus Leveraged ETP Securities will magnify losses in market environments adverse to their objective compared to similar exchange traded products that are not leveraged. In addition, losses will be magnified as the amount of leverage increases.

*Investing in Leveraged ETP Securities is not the same as being short (or long) the underlying assets and is different from a short (or long) futures position.*

Investing in Leveraged ETP Securities is not the same as making a leveraged and/or short investment in the underlying assets of the relevant Benchmark Index. Leveraged ETP Securities are designed to match the daily percentage change in the relevant Benchmark Index, multiplied by the relevant Product Leverage Factor (excluding the effects of any applicable fees and adjustments). The return from holding Leveraged ETP Securities is not the same as the return from buying (in the case of Long ETP Securities) or selling (shorting) (in the case of Short ETP Securities) the relevant underlying assets, and is not the same as being long or short a comparable position in futures contracts related to the underlying assets.

#### ***Daily leverage***

Due to the Leveraged ETP Securities’ daily investment goal, a Leveraged ETP Security’s return over holding periods longer than one day will likely differ from the return of the relevant Benchmark Index multiplied by the Product Leverage Factor, and this difference will become more adverse as the holding period increases in length.

The return on Leveraged ETP Securities over a period longer than one day is the result of the return for each day compounded over all days in that period. As a consequence of the daily leverage exposure of Leveraged ETP Securities, over periods longer than one day (excluding the effects of any applicable fees and adjustments), the redemption entitlement of a Leveraged ETP Security will fall if the relevant Benchmark Index’s performance is flat (i.e. has a zero or close to zero return).

#### ***Factors affecting leverage risk***

Higher leverage, higher volatility and longer holding periods will increase the risk from investing in Leveraged ETP Securities.

## **Restrike Event**

The methodology to calculate the Price per ETP Security of each Class incorporates an intraday rebalancing mechanism whereby if the value of the Benchmark Index falls (in the case of Long ETP Securities) or rises (in the case of Short ETP Securities) by more than a relevant trigger level, an intraday rebalancing (the “**Restrike Event**”) will occur. The affected Class of ETP Securities will be rebalanced to alleviate the risk of a fall of 100 per cent. in their value. Such intraday adjustment seeks to protect the holder of Leveraged ETP Securities in the event of extreme market movements on any single Valuation Date (since the last Price per ETP Security was calculated) by crystallising the losses incurred up to that point. The Restrike Event is similar in some respects to the rebalancing of Leveraged ETP Securities which normally occurs at the end of each Valuation Date, although the former occurs before the end of the Valuation Date and could occur more than once per day.

Leveraged Indices typically have a Restrike Event (or related suspension) mechanism built in to their calculation methodology (as provided in the relevant index providers’ handbook), while Non-Leveraged Indices do not. All Leveraged ETP Securities will follow some form of intraday rebalancing which is applied to the calculation of the Index or Price per ETP Security (as applicable):

- (i) in the case of Leveraged ETP Securities priced by reference to a Leveraged Index, depending on the intraday rebalancing or suspension mechanism built in to the index, such Leveraged ETP Securities will follow either:
  - (a) the Index Provider’s intraday rebalancing mechanism built in to the index in which case the intraday rebalancing mechanism is applied through the Index; or
  - (b) the intraday rebalancing mechanism described in “*Consequences of a Restrike Event*” in the relevant Annex of this Base Prospectus, in which case the intraday rebalancing mechanism is applied to the Price per ETP Security outside of the Index methodology and the intraday rebalancing mechanism built in to the Index methodology will be ignored; and
- (ii) in the case of Leveraged ETP Securities priced by reference to a Non-Leveraged Index, will follow the intraday rebalancing mechanism described in “*Consequences of a Restrike Event*” in the relevant Annex of this Base Prospectus, in which case the intraday rebalancing mechanism is applied to the Price per ETP Security outside of the Index methodology.

As a result of the intraday rebalancing, Leveraged ETP Securities may not track what an investor might expect on such day. In addition, the Swap Provider may pass on any additional costs in executing the intraday rebalancing (where applicable), as determined by such Swap Provider.

If the Benchmark Index was to reverse its fall (in the case of Long ETP Securities) or reverse its rise (in the case of Short ETP Securities) after the intraday rebalancing, then the holder of the Leveraged ETP Security will not benefit from the reversal of the Benchmark Index return to the same extent that it might have if the intraday rebalancing had not occurred. However, if the Benchmark Index continues to fall (in the case of Long ETP Securities) or continues to rise (in the case of Short ETP Securities), then the holder of such Leveraged ETP Security will not suffer a loss to the same extent as if the intraday rebalancing had not occurred.

At the end of a Valuation Date on which an intraday rebalancing occurs, the Leveraged ETP Security will rebalance once more as if it were the end of a normal Valuation Date.

## **Risk of regulatory intervention**

Government or regulatory intervention in the financial markets could result in the Issuer being unable to enter into, or maintain, hedging swap transactions in relation to any Class of ETP Securities, including any Class giving short exposure to the relevant Index. If, due to a change in any applicable law or regulation, it becomes illegal for the Issuer or a Swap Provider to perform its obligations under a Swap Transaction, that Swap Transaction will terminate, and if the Issuer is unable to enter into a replacement swap transaction the ETP Securities of the relevant Class will fall for compulsory early redemption.

## **Risks relating to the early redemption of the ETP Securities**

### ***Issuer call option***

The Issuer may at any time, in its sole and absolute discretion, elect to redeem all but not some of the ETP Securities of a Class. In exercising such discretion, the Issuer will have no regard to the interests of the

ETP Securityholders, and ETP Securityholders may receive less, or substantially less, than their initial investment.

***Scheduled term of Swap Transaction may be less than the term of the ETP Securities***

The Swap Transaction(s) entered into by the Issuer in connection with a Class of ETP Securities may have a scheduled term that is less than the term of such ETP Securities, and may be subject to termination at the election of the relevant Swap Provider.

If a Swap Transaction relating to a Class of ETP Securities terminates prior to the redemption of such Class in full, and the Issuer has been unable to enter into one or more replacement Swap Transactions on or prior to the applicable Swap Replacement Period End Date, then in the case of a Multiple Swap Provider Class of ETP Securities, the Issuer will be entitled to exercise its option to divide the ETP Securities into separate Classes. If, following the Swap Replacement Period End Date and, if applicable, the exercise of the Issuer's option to divide the ETP Securities into separate Classes, a replacement Swap Transaction or Swap Transactions have not been entered into, then the Issuer will notify the Trustee, the other Programme Parties and the holders of the relevant Class of ETP Securities of the termination and non-replacement of such Swap Transaction and a Compulsory Redemption Event will occur in respect of the ETP Securities of the relevant Class.

***Compulsory Redemption Events and Events of Default***

The ETP Securities of a Class may become due and payable prior to their Final Redemption Date, as further described in Conditions 8.8 and 13, in connection with the occurrence of an Event of Default (including an event of default with respect to the Issuer or any Swap Provider under any applicable Swap Agreement) or a Compulsory Redemption Event.

***Consequences of a Compulsory Redemption Event or an Event of Default***

Following the occurrence, in respect of a Class of ETP Securities, of:

- (i) a Compulsory Redemption Event, each ETP Security of such Class will become due and payable on the relevant Compulsory Redemption Settlement Date at its Compulsory Redemption Amount (payable in daily instalments, commencing on the relevant Compulsory Redemption Settlement Date, equal to an ETP Security's pro rata portion of the amount received from each relevant Swap Provider on each such day); or
- (ii) an Event of Default, the Trustee may, and will (a) where the Issuer has failed to pay any termination payment due and payable by it to a Swap Provider in the event of the replacement of one or more Terminated Transactions, or (b) otherwise, if so directed by the ETP Securityholders, declare such ETP Securities immediately due and payable at their Redemption Amount.

In addition, the Trustee will, if any Connected Class of ETP Securities is declared due and payable prior to its scheduled date of redemption as a result of an event of default pursuant to its terms and conditions, provided that it has been indemnified and/or secured and/or prefunded to its satisfaction, declare each other Connected Class immediately due and payable at their Redemption Amount.

The Issuer will fund the payment of any Compulsory Redemption Amount or, as the case may be, Redemption Amount due in respect of a Class of ETP Securities from a payment due to it under the terms of the Swap Transaction(s) relating to such Class of ETP Securities, under the relevant Swap Agreement. The ability of the Issuer to make the payments due to the holders of any Class of ETP Securities on the early redemption of such ETP Securities is dependent on its receipt of a corresponding payment under the relevant Swap Agreement (see "*Risks relating to the Swap Providers, the Credit Support Documents and the Posted Collateral*" below), provided that each Swap Provider will deliver collateral to the Issuer to reduce such risk.

***Recognition of Security in other jurisdictions***

The laws of certain jurisdictions may affect some or all of the assets comprising the Collateral Pool Secured Property in respect of any Collateral Pool Security Deed. In the event that the laws of a jurisdiction do not recognise the security granted by such Collateral Pool Security Deed, such security may not be effective in relation to assets deemed located in that jurisdiction and/or such assets may be subject to claims which would otherwise rank after claims secured by the Collateral Pool Security Deed.

### ***Enforcement of the Security***

The obligations of the Issuer in respect of a Class of ETP Securities are secured by the Trust Deed in respect of such Class of ETP Securities. Pursuant to such Trust Deed, the Issuer will create security in respect of that Class in favour of the Trustee (for the benefit of the Class Secured Creditors) over (i) all of the Issuer's rights, title, interest and benefit present and future in, to and under the contractual documents relating to such Class of ETP Securities (other than the Issuer's rights, title and interest in any Collateral Pool Security Deed and the agreements subject to the security created by the Collateral Pool Security Deed); and (ii) certain cash, property and contractual claims of the issuer that relate solely to that Class of the ETP Securities. The Security constituted by the Trust Deed in respect of the ETP Securities will become enforceable if an Event of Default occurs with respect to the ETP Securities, or if an event of default occurs with respect to any Connected Class.

In addition, the obligations of the Issuer in respect of each Class of ETP Securities in relation to which a Swap Transaction has been entered into with the same Swap Provider under the same Swap Agreement are secured by a security deed in respect of the assets comprising the Swap Provider Collateral Pool that relates to that Swap Agreement. Pursuant to each Collateral Pool Security Deed, the Issuer will create security in respect of each such Class in favour of the Security Trustee (for the benefit of the holders of such ETP Securities, among others) over (i) all of the Issuer's rights, title, interest and benefit present and future in, to and under the Swap Agreement (including the Credit Support Document), such Collateral Pool Security Deed and, to the extent that it relates to that Swap Agreement, the Collateral Administration Agreement; (ii) the collateral transferred by the relevant Swap Provider under the Credit Support Document between it and the Issuer; (iii) all sums held now or in the future by or on behalf of the Issuer to meet payments due in respect of the obligations and duties of the Issuer under the relevant Swap Agreement (as defined herein), and (iv) all sums, securities and any other property held or received by the Liquidation Agent (as defined herein) relating to the relevant Swap Agreement, any relevant Credit Support Document (as defined herein) and the ETP Securities. The Security constituted by a Collateral Pool Security Deed will become enforceable if an Event of Default occurs with respect to the ETP Securities, or if an event of default occurs with respect to any Connected Class.

### ***The claims of ETP Securityholders are subordinated upon enforcement of the Security***

The Trustee will apply the proceeds derived from the realisation of the assets that are the subject of the security constituted by a Trust Deed in the applicable order of priority under which amounts due to the ETP Securityholders will be subordinated to amounts due to the Trustee itself and any receiver(s), in each case in relation to the ETP Securities.

The Security Trustee will apply the proceeds derived from the realisation of the assets that are the subject of the security constituted by a Collateral Pool Security Deed in the applicable order of priority under which amounts due to the ETP Securityholders of each Connected Class (ranking *pari passu* among themselves) will be subordinated to amounts due to the Security Trustee itself, any receiver(s) and the relevant Swap Provider, in each case in relation to the ETP Securities of a Connected Class.

### ***Limited recourse obligations, non-petition and related risks***

In respect of the ETP Securities of any Class, the Class Secured Creditors and the Collateral Pool Secured Creditors will have recourse only to the Class Secured Property in respect of such ETP Securities and the Collateral Pool Secured Property in respect of the Swap Agreement relating to such ETP Securities, subject always to the Security, and not to any other assets of the Issuer. If, following realisation in full of the Class Secured Property and the Collateral Pool Secured Property (whether by way of liquidation or enforcement) and application of available cash in accordance with the applicable orders of priority, the Trust Deed and the Collateral Pool Security Deed, as applicable, any outstanding claim against the Issuer in respect of the Class Secured Obligations or the Collateral Pool Secured Obligations remains unpaid, then such outstanding claim will be extinguished and no debt will be owed by the Issuer in respect thereof. Following such extinguishment, none of the Programme Parties, the ETP Securityholders of any relevant Class or any other person acting on behalf of any of them or any other person acting on behalf of any of them will be entitled to take any further steps against the Issuer or any of its officers, shareholders, corporate service providers or directors to recover any further sum in respect of the extinguished claim and no debt will be owed to any such persons by the Issuer in respect of such further sum.

None of the Programme Parties, the ETP Securityholders or any person acting on behalf of any of them may, at any time, bring, institute or join with any other person in bringing, instituting or joining insolvency, administration, bankruptcy, winding-up, examinership or any other similar proceedings (whether court-based or otherwise) in relation to the Issuer or any of its assets, and none of them will have any claim

arising with respect to the sums, assets and/or property attributable to any other securities issued by the Issuer (save for any further securities which form a single Class or a Connected Class with the ETP Securities).

There is also the risk that the Issuer may become subject to claims or other liabilities (whether or not in respect of the ETP Securities) which are not themselves subject to limited recourse or non-petition limitations.

No person other than the Issuer will be obliged to make payments on the ETP Securities of any Class and the ETP Securities issued under the Programme will not be guaranteed by, or be the responsibility of, any other entity. In particular, the ETP Securities (i) do not represent an interest in and will not be obligations of, or insured or guaranteed by, any Programme Party or any Affiliate or any company associated with any of them, (ii) will not have the status of a bank deposit and will not be within the scope of any deposit protection scheme and (iii) are not insured or guaranteed by any government, government agency or other body.

### **Meetings of ETP Securityholders, resolutions, modification, waivers and substitution**

Meetings of the holders of a Class of ETP Securities may be convened to consider any matter affecting their interests. These provisions permit specified majorities of the ETP Securityholders attending or represented at any such meeting to pass resolutions binding all holders of such Class of ETP Securities, including holders who did not attend or vote at such meeting, or who voted against the passing of such resolutions.

### **ETP Securityholder directions**

The Conditions of each Class of ETP Securities permit the holders of one-fifth or more of the outstanding number of ETP Securities of a Class following the occurrence of an Event of Default, certain events which would, upon delivery of the requisite notice, constitute Compulsory Redemption Events and at any time after the Security has become enforceable to direct the Trustee to deliver a notice or take such other action in accordance with the Conditions, whereupon each ETP Security of such Class will become due and payable at its Redemption Amount or Compulsory Redemption Amount (as applicable) immediately upon the delivery of such notice (in the case of an Event of Default) or on the Compulsory Redemption Settlement Date (in the case of a Compulsory Redemption Event) and/or the Security will be enforced by the Trustee, as applicable. The Trustee will not however be obliged to take any step or action or to act in accordance with any such direction unless the Trustee has been pre-funded and/or secured and/or indemnified to its satisfaction by one or more ETP Securityholders.

At any time after the Security constituted by a Collateral Pool Security Deed has become enforceable, the Security Trustee may, at its discretion, and will, if so directed in writing by holders of at least one-fifth or more of the outstanding number of ETP Securities of a Connected Class, subject to its having been pre-funded and/or secured and/or indemnified to its satisfaction by the ETP Securityholders of the Connected Classes, enforce the Security constituted by the Collateral Pool Security Deed.

### **Amendment and waiver without the consent of the ETP Securityholders**

The Trustee may agree, without the consent of the ETP Securityholders to (i) any modification to the Conditions, any Trust Deed, a Swap Agreement and/or any other Programme Document or Collateral Pool Document to which it is a party which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification, and any waiver or authorisation of any breach or proposed breach of the Conditions, any Trust Deed, a Swap Agreement and/or any other Programme Document that is in the opinion of the Trustee not materially prejudicial to the interests of the ETP Securityholders.

The Security Trustee may agree, without the consent of the ETP Securityholders of the Connected Classes but only with the prior written consent of the relevant Swap Provider, to (i) any modification to a Collateral Pool Document to which it is a party which is, in the opinion of the Security Trustee, of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification, and any waiver or authorisation of any breach or proposed breach of any of the provisions of the relevant Collateral Pool Document to which the Security Trustee is a party that is in the opinion of the Security Trustee not materially prejudicial to the interests of the ETP Securityholders of the Connected Classes.

The Issuer may, in connection with the accession of a new Swap Provider or Authorised Participant to the Programme, in order to effect the transfer of a Swap Agreement or Swap Transaction between Swap Providers or any adjustment to the terms of a Swap Transaction in accordance with its terms as a consequence of the occurrence of an Adjustment Event, amend the criteria governing the eligibility of credit

support under a Credit Support Agreement, agree to any amendment to the terms of a Swap Agreement, a Collateral Pool Security Deed or a Collateral Pool Document relating to a Class of ETP Securityholders without the consent of the relevant ETP Securityholders or the Trustee.

## **Risk factors relating to the Issuer and the legal structure**

### ***The Issuer is a special purpose vehicle***

The Issuer is not an operating company. The Issuer is a special purpose vehicle with the sole business of issuing ETP Securities. The contracts which may be entered into by the Issuer (such as any Swap Agreement and Credit Support Document entered into by the Issuer in relation to one or more Classes of ETP Securities) and the payments of the Issuer and the parties thereunder are structured to have the capacity to provide the Issuer with funds to service payments due and payable in respect of the ETP Securities and on any redemption by the Issuer of the ETP Securities.

The Issuer has agreed not to take certain actions including, without limitation, not to have any subsidiaries or employees, not to purchase, own or otherwise acquire any real property and not to consolidate or merge with any other person or issue any shares (other than such shares as were issued at the time of its incorporation). As such, the Issuer has, and will have, no assets other than (i) the small sums of money raised by issuing shares on the date of its incorporation, (ii) such fees (if any) as are payable to it in connection with the issue or redemption of any Class of ETP Securities from time to time and (iii) any rights, property, sums or other assets on which any Class of ETP Securities issued under the Programme are secured.

### ***Regulation of the Issuer by any regulatory authority***

The Issuer is not required to be licensed, registered or authorised under any current securities, commodities or banking laws of its jurisdiction of incorporation and will operate without supervision by any authority in any jurisdiction. There is no assurance, however, that regulatory authorities in one or more jurisdictions would not take a contrary view regarding the applicability of any such laws to the Issuer. The taking of a contrary view by such regulatory authority could have an adverse impact on the Issuer or the holders of the ETP Securities.

### ***Insolvency***

The Issuer has agreed not to engage in activities other than the issue of ETP Securities and related and incidental matters. Any issue of ETP Securities must be on terms that provide for the claims of the ETP Securityholders and the Programme Parties in respect of such ETP Securities to be limited to the proceeds of the assets on which such ETP Securities are secured (see "*Risk factors relating to the ETP Securities - Limited recourse obligations, non-petition and related risks*" above). In addition, there are restrictions on the ETP Securityholders and Programme Parties bringing insolvency proceedings against the Issuer. If such provisions are upheld, it would be unlikely that the Issuer could become insolvent.

However, notwithstanding the restrictions described in Condition 7 and the limited recourse and non-petition provisions, should the Issuer have outstanding liabilities to third parties which it is unable to discharge or should the limited recourse or non-petition provisions be found to be non-enforceable in a particular jurisdiction and as a result the Issuer becomes or is declared insolvent according to the law of any country having jurisdiction over it or any of its assets, the insolvency laws of that country may determine the validity of the claims of ETP Securityholders and may prevent ETP Securityholders from enforcing their rights with respect to any ETP Securities held by it or delay such enforcement. In particular, depending on the jurisdiction concerned and the nature of the assets and security, the Security created in favour of the Trustee in respect of such Class of ETP Securities may be set aside or ranked behind certain other creditors and the assets subject to such Security may be transferred to another person free of such Security.

In addition, certain jurisdictions have procedures designed to facilitate the survival of companies in financial difficulties. In such jurisdictions, the rights of the Trustee or of the Issuer (or the Liquidation Agent on its behalf) to enforce the Security created pursuant to any Security Document may be limited or delayed by such procedures.

### ***Preferred creditors under Irish law***

The Issuer is an Irish company. Under Irish law, upon an insolvency of an Irish company, when applying the proceeds of assets subject to fixed security which may have been realised in the course of a liquidation or

receivership, the claims of a limited category of preferential creditors will take priority over the claims of creditors holding the relevant fixed security. These preferred claims include the remuneration, costs and expenses properly incurred by any examiner of the company (which may include any borrowings made by an examiner to fund the company's requirements for the duration of his appointment) which have been approved by the Irish courts (see "*Examinership*" below).

In relation to the disposal of assets of any Irish tax resident company which are subject to security, a person entitled to the benefit of the security may be liable for tax in relation to any capital gains made by the company on a disposal of those assets on exercise of the security in certain circumstances.

### ***Examinership***

Examinership is a court procedure available under the Irish Companies (Amendment) Act 1990, as amended to facilitate the survival of Irish companies in financial difficulties.

As the Issuer is an Irish company, the Issuer, the directors of the Issuer, a contingent, prospective or actual creditor of the Issuer or shareholders of the Issuer holding, at the date of presentation of the petition, not less than one-tenth of the voting share capital of the Issuer are each entitled to petition the court for the appointment of an examiner. The examiner, once appointed, has the power to set aside contracts and arrangements entered into by the company after his appointment and, in certain circumstances, can avoid a negative pledge given by the company prior to his appointment. Furthermore, he may sell assets the subject of a fixed charge. However, if such power is exercised he must account to the holders of the fixed charge for the amount realised and discharge the amount due to them out of the proceeds of sale.

During the period of protection, the examiner will compile proposals for a compromise or scheme of arrangement to assist the survival of the company or the whole or any part of its undertaking as a going concern. A scheme of arrangement may be approved by the Irish High Court when at least one class of creditors has voted in favour of the proposals and the Irish High Court is satisfied that such proposals are fair and equitable in relation to any class of members or creditors who have not accepted the proposals and whose interests would be impaired by implementation of the scheme of arrangement.

In considering proposals by the examiner, it is likely that secured and unsecured creditors would form separate classes of creditors. In the case of the Issuer, if the Trustee represented the majority in number and value of claims within the secured creditor class (which would be likely given the restrictions agreed to by the Issuer in the Conditions), the Trustee would be in a position to reject any proposal not in favour of the ETP Securityholders. The Trustee would also be entitled to argue at the Irish High Court hearing at which the proposed scheme of arrangement is considered that the proposals are unfair and inequitable in relation to the ETP Securityholders, especially if such proposals included a writing down of the value of amounts due by the Issuer to the ETP Securityholders. The primary risks to the holders of ETP Securities if an examiner were to be appointed to the Issuer are as follows:

- (i) the potential for a scheme of arrangement to be approved involving the writing down of the debt owed by the Issuer to the ETP Securityholders as secured by the Trust Deed;
- (ii) the potential for the examiner to seek to set aside any negative pledge in the ETP Securities prohibiting the creation of security or the incurring of borrowings by the Issuer to enable the examiner to borrow to fund the Issuer during the protection period; and
- (iii) in the event that a scheme of arrangement is not approved and the Issuer subsequently goes into liquidation, the examiner's remuneration and expenses (including certain borrowings incurred by the examiner on behalf of the Issuer and approved by the Irish High Court) will take priority over the monies and liabilities which from time to time are or may become due, owing or payable by the Issuer to the ETP Securityholders.

### ***Tax consequences of an investment in the ETP Securities***

None of the Issuer or any Programme Party make any representation or warranty as to the tax consequences to any investor of the acquisition, holding or disposal of the ETP Securities. The tax consequences for each investor in the ETP Securities can be different and therefore investors are advised to consult with their tax advisers as to their specific consequences. Prospective investors' attention is also drawn to the section of this Base Prospectus headed "*Tax Considerations*".

### ***Taxation and no gross-up***

Each ETP Securityholder will assume and be solely responsible for any and all Taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local Taxes or other like assessment or charges that may be applicable to any payment to it in respect of the ETP Securities. In the event that any withholding or deduction for or on account of Tax is imposed on payments on the ETP Securities, the ETP Securityholders will be subject to such Tax or deduction and will not be entitled to receive amounts to compensate for such withholding or deduction. No Event of Default will occur as a result of any such withholding or deduction.

Transfers of Posted Collateral and payments made to the Issuer under the Swap Agreement in relation to a Class of ETP Securities and/or in connection with the transfer or disposal of Eligible Collateral or Posted Collateral under the Credit Support Document relating to a Swap Agreement and a Class of ETP Securities may be subject to charges, withholding or deduction for, or on account of, Taxes (including without limitation, on the realisation, transfer or other disposal of any Posted Collateral in connection with the enforcement of the security created in favour of the Issuer under the Credit Support Document). In such circumstances the sums available to the Issuer (and/or the Trustee) to pay the Redemption Amount, the Optional Redemption Amount or the Compulsory Redemption Amount may not be sufficient to satisfy in full the claims of the ETP Securityholders and all creditors whose claims rank in priority to those of the ETP Securityholders.

The Issuer may become liable for Tax charges whether by direct assessment or withholding. If any such event occurs as a result of a change in law or regulation that materially increases the cost to the Issuer of performing its obligations under the ETP Securities, the Swap Agreement and/or the Credit Support Document or makes it illegal for the Issuer to do the same or to hold, acquire or dispose all of the types of Eligible Collateral, the ETP Securities may become subject to early redemption.

### ***Change of law***

The Conditions of the ETP Securities are governed by English law in effect as at the date of issue of the relevant ETP Securities. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant ETP Securities.

### ***Legality of purchase***

None of the Issuer, the Trustee, the Swap Providers, the Authorised Participants or any Affiliate of such persons have or assume responsibility for the lawfulness of the acquisition of the ETP Securities by a prospective purchaser of the ETP Securities (whether for its own account or for the account of any third party), whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser (or any such third party) with any law, regulation or regulatory policy applicable to it.

### ***Recharacterisation risk***

The Issuer has been advised that, for United Kingdom regulatory purposes, the ETP Securities fall to be treated as debt securities with a minimum repayment amount and do not take the form of a collective investment scheme. The ETP Securities described in this document are not units in an authorised collective investment scheme for the purposes of the FSMA. There can be no assurance that the courts or regulatory authorities in any jurisdiction would not recharacterise the ETP Securities as units in a collective investment scheme. Any recharacterisation of the ETP Securities as units in a collective investment scheme may have adverse consequences (including, without limitation, adverse tax consequences) for an investor.

Prospective investors should consult their professional advisers on the implications, and in particular the tax and accounting implications, of investment in the ETP Securities and the risk that the ETP Securities may be recharacterised as contracts for differences for United Kingdom regulatory purposes.

## ***Undertakings for Collective Investment in Transferable Securities (UCITS)***

Prospective investors comprising a scheme which is an undertaking for collective investment in transferable securities subject to the Council Directive of 20 December 1985 on the coordination of laws, regulations and administrative provisions relating to Undertakings for Collective Investment in Transferable Securities (No 85/611/EEC) (the “**UCITS Directive**”), as amended, need to satisfy themselves that an investment in the ETP Securities would comply with any regulations and/or guidelines applicable to them pursuant to the UCITS Directive and any laws, regulations or guidelines of their jurisdiction of incorporation and would be in line with their individual investment objectives.

## **Risks relating to the Swap Providers, the Credit Support Document and the Posted Collateral**

### ***Risks relating to the Swap Providers***

Under the terms of the Swap Transaction(s) entered into by the Issuer in connection with a Class of ETP Securities, the Issuer will pay the entire proceeds from the issue of such Class of ETP Securities to the relevant Swap Provider upon receipt and the Swap Provider will be required to make certain payments to the Issuer on the redemption of such ETP Securities. In particular, the Swap Provider is required to transfer to the Issuer, upon the redemption of such ETP Securities on the Final Redemption Date, the Compulsory Redemption Settlement Date, the Optional Redemption Settlement Date or following the occurrence of an Event of Default, as applicable, an amount which the Issuer will use to fund payment of the Redemption Amount, the Compulsory Redemption Amount or the Optional Redemption Amount, as applicable, of such ETP Security.

The ability of the Issuer to make payment of an amount due to the ETP Securityholders under the ETP Securities in a timely manner is dependent on its receipt in full from the Swap Provider (or, if applicable, the Swap Provider’s guarantor) of payments due under the Swap Agreement. Accordingly, the Issuer and the ETP Securityholders are exposed to the creditworthiness of each relevant Swap Provider (and, if applicable, the Swap Provider’s guarantor) to the extent of any Redemption Amount, the Compulsory Redemption Amount or the Optional Redemption Amount which becomes due and payable in respect of the ETP Securities provided that each Swap Provider will be required to reduce such credit risk by transferring collateral to the Collateral Administrator on behalf of the Issuer under the relevant Credit Support Document. However, the Swap Provider(s) do not guarantee payment by the Issuer of amounts due in respect of the ETP Securities, and no ETP Securityholder will have any claim against any Swap Provider in respect of amounts due in respect of any ETP Securities.

### ***Transfer of Swap Agreement and Swap Transaction and/or Credit Support Document***

At any time prior to the occurrence of a Swap Provider Event of Default or a Swap Provider Termination Event in respect of a Swap Provider, the Swap Provider may novate, assign or otherwise transfer the Swap Agreement and the related Credit Support Document entered into by that Swap Provider, or one or more of the Swap Transactions thereunder, to one or more Eligible Swap Providers, subject to certain conditions. In such circumstances the Issuer and therefore the ETP Securityholders will be exposed to the creditworthiness of the transferee rather than the creditworthiness of the Swap Provider. However, a transferee will only be an Eligible Swap Provider if it has a rating equal to or higher than the Eligible Swap Provider Threshold Rating and has provided Eligible Collateral to the Issuer in accordance with the relevant Credit Support Document.

### ***Risks relating to the Credit Support Documents and the Posted Collateral***

In connection with each Swap Agreement entered into by the Issuer with a Swap Provider, the Issuer will enter into a separate English law governed Credit Support Document with such Swap Provider. Pursuant to the terms of the Credit Support Document, the Swap Provider will transfer to the Issuer legal and beneficial title to assets comprising Eligible Collateral under the terms of the Credit Support Document in order to collateralise its obligations under the Swap Agreement. The market value of the Eligible Collateral to be transferred to the Issuer will be calculated by the Collateral Administrator according to the daily mark-to-market value of all Swap Transactions under the relevant Swap Agreement. Assets transferred to the Issuer under the Credit Support Document relating to a Swap Agreement may be subject to volatility in their prices and subject to credit and liquidity risks. No investigations, searches or other enquiries will be made by or on behalf of the Issuer in respect of the Posted Collateral (including as to whether such Posted Collateral satisfies the definition of Eligible Collateral in the relevant Credit Support Document) and no representations or warranties, express or implied, are or will be given by the Issuer to ETP Securityholders or the relevant Swap Provider(s) in relation to any Posted Collateral.

Such Eligible Collateral will be delivered to the Issuer under the Credit Support Document relating to a Swap Agreement in respect of Issuer's net exposure to the relevant Swap Provider on each business day, and will not be segregated between Swap Transactions entered into between the Issuer and that Swap Provider under such Swap Agreement, or Connected Classes of ETP Securities. The aggregate euro market value of Eligible Collateral required to be transferred to the Issuer by the relevant Swap Provider in respect of any London Business Day will be calculated based on the Issuer's net exposure to the Swap Provider in respect of each Swap Transaction entered into with that Swap Provider as at such Business Day (converted, if applicable, into euros at the prevailing currency exchange rate).

The ETP Securityholders of each Connected Class of ETP Securities benefitting from the security created over the Posted Collateral pursuant to the applicable Collateral Pool Security Deed therefore bear the risk that adverse falls in the value of the Posted Collateral and/or the value of the euro as against the currency of denomination of any such Connected Class may cause shortfall in the value of such Posted Collateral as against the Issuer's then exposure to the relevant Swap Provider. In the event of the enforcement of such security, any such shortfall will be shared between the ETP Securityholders of each Connected Class.

The Issuer is exposed to movements in the value of the Swap Transactions and the Posted Collateral and to the creditworthiness of the Swap Provider and any obligor of Posted Collateral.

The value of each Swap Transaction to the Issuer and the value of the related Posted Collateral transferred to the Issuer pursuant to a Credit Support Document may increase or decrease from time to time during the term of the relevant Swap Agreement. If the value of a Swap Transaction under a Swap Agreement to the Issuer increases and/or the value of the Posted Collateral decreases, the Issuer may demand the transfer to it of additional Eligible Collateral on any business day. However, in the event that the relevant Swap Provider is in default, it may fail to deliver such additional Eligible Collateral upon demand, which could result in there being a shortfall in the value of the Posted Collateral held by the Issuer, causing the proceeds of the liquidation of such Posted Collateral to be insufficient to pay all amounts due to the relevant ETP Securityholders in full.

If the Swap Provider does not pay in full to the Issuer the amount due in connection with the termination of the Swap Transaction under the relevant Swap Agreement, the Security Trustee may (subject to the terms of the applicable Collateral Pool Security Deed) enforce the security under the Collateral Pool Security Deed. If, following the realisation in full of the Class Secured Property and the Collateral Pool Secured Property relating to the relevant Class of ETP Securities (whether by way of liquidation or enforcement) and application of the proceeds of such realisation in accordance with the applicable order of priority, there are any outstanding claims against the Issuer in respect of such Class of ETP Securities which remain unpaid, then such outstanding claim will be extinguished and no debt will be owed by the Issuer in respect thereof. In such circumstances investors in the ETP Securities may not receive the full amount due in respect of their investment, and may receive zero. If the security over the Posted Collateral relating to a Swap Agreement is enforced and the euro market value of the Posted Collateral is in excess of the Issuer's total exposure to the relevant Swap Provider under such Swap Agreement, the value of such excess shall be returned to such Swap Provider in priority to amounts due to the relevant ETP Securityholders.

***ETP Securityholders have no direct ownership interest or right to delivery of the Posted Collateral***

Investing in the ETP Securities will not make an investor the owner of any Posted Collateral. Any amounts payable on the ETP Securities will be made in cash and the holders of the ETP Securities will have no right to receive delivery of any Posted Collateral at any time.

### ***Provision of information***

None of the Issuer, any Programme Party or any Affiliate of any such persons makes any representation as to the credit quality of the Swap Provider or any Posted Collateral. Any of such persons may have acquired, or during the term of the ETP Securities may acquire, non-public information in relation to the Swap Provider and/or the Posted Collateral. None of such persons are under any obligation to make such information directly available to ETP Securityholders. None of the Issuer, any Programme Party or any Affiliate of any such persons are under any obligation to make available any information relating to, or keep under review on the ETP Securityholders' behalf, the business, financial conditions, prospects, creditworthiness or state of affairs of the Swap Provider or any issuer/obligor in relation to any Posted Collateral transferred to the Issuer under the relevant Credit Support Document or any other Credit Support Document or conduct any investigation or due diligence thereon or to monitor such Swap Provider.

### ***Determinations under the Swap Agreement***

Pursuant to the terms of the Swap Agreement, the Swap Provider acting as such or in the capacity as Swap Calculation Agent may make calculations and determinations which:

- (i) have an adverse effect on the Price per ETP Security of a Class of ETP Securities; and/or
- (ii) lead to a Class of ETP Securities becoming due and payable prior to their Final Redemption Date; and/or
- (iii) lead to the postponement of (i) the calculation and publication of the Price per ETP Security in respect of a Class of ETP Securities and/or (ii) the calculation and payment of the Redemption Amount or Compulsory Redemption Amount, as applicable, in respect of a Class of ETP Securities and/or (iii) the settlement of the issue or purchase of ETP Securities; and/or
- (iv) in the case of a Disruption Event which continues for a specified number of business days, include providing, depending on the circumstances, either (i) an adjustment to be added or subtracted from the formula for the calculation of the Price per ETP Security; or (ii) the Index Price to be used in the formula for the calculation of the Price per ETP Security.

Such calculations and determinations may directly or indirectly impact on the amount the Swap Provider will have to pay under the Swap Agreement to which it is a party and the calculation and determination of the Price per ETP Security, and any amounts due in respect, of a Class of ETP Securities in respect of which a Swap Transaction has been entered into under the terms of such Swap Agreement. The role of the Swap Provider as calculation agent under a Swap Agreement may therefore give rise to conflicts of interest which are adverse to the interests of the ETP Securityholders and the Swap Provider as calculation agent under a Swap Agreement is not required to consider the interests of the ETP Securityholders when making such calculations or determinations.

In making calculations and determinations under the Swap Agreement, the Swap Provider owes no duty to the holders of the relevant ETP Securities, will act for its own account, may exercise any discretion in its own interests and will not, and is not required to, take into account the interests of the Issuer or any holder of the relevant ETP Securities. In making calculations and determinations under the Swap Agreement, the Swap Calculation Agent is required to make such calculations and determinations in good faith and a commercially reasonable manner. The Swap Calculation Agent owes no duties to the holder of the relevant ETP Securities and is not required to take their interests into account.

### ***Business relationships and capacity of the Swap Providers***

The Swap Providers and any of their respective Affiliates may have existing or future business relationships with any other Swap Provider or Authorised Participant (including, but not limited to, lending, depository, risk management, advisory and banking relationships) and will pursue actions and take steps that they deem or it deems necessary or appropriate to protect their or its interests arising therefrom without regard to the consequences for an ETP Securityholder. In addition, the Swap Providers and any of their respective Affiliates may make a market or hold positions in respect of any of the ETP Securities. From time to time, the Swap Providers and their respective Affiliates may own significant amounts of ETP Securities issued under the Programme.

There are no restrictions on the future business operations or activities of the Swap Providers, and, accordingly, the ability of the Swap Providers to meet their obligations under the Swap Agreements respectively may be adversely affected depending on such future business operations or activities.

The Swap Providers and/or any of their respective Affiliates may engage in trading for their proprietary accounts, for other accounts under their management or to facilitate transactions, including block transactions, on behalf of customers relating to one or more assets that underlie the Index to which a Class of ETP Securities is linked. Any of these activities in which the Swap Providers and/or their respective Affiliates engage could have an adverse impact on the value of the ETP Securities by affecting the price of such constituent assets(s).

The Swap Providers and their respective Affiliates actively trade futures contracts and options on assets that underlie the Indices linked to Classes of ETP Securities, over-the-counter contracts on those assets and other instruments and derivative products based on such assets. Any such trading by the Swap Providers and their respective Affiliates and unaffiliated third parties could adversely affect the value of the Indices to which certain Classes of ETP Securities are linked, which could in turn affect the return on, and the value of, such Classes of ETP Securities.

The Swap Providers and/or their respective Affiliates may also issue or underwrite other securities or financial or derivative instruments linked to the commodity indices or equity indices referenced by certain Classes of ETP Securities, which might compete with the ETP Securities of such Classes. By introducing competing products into the marketplace in this manner, the Swap Providers and/or their respective Affiliates could adversely affect the market value of certain ETP Securities, and therefore the amount payable on such ETP Securities on the stated maturity date or any early redemption date, as applicable, and the value of such ETP Securities before that date. To the extent that the Swap Providers and/or their respective Affiliates serve as issuer, agent or underwriter of, or as swap providers in relation to, those securities or other similar instruments, their interests with respect to those products may be adverse to the interests of an ETP Securityholder.

The Swap Providers and their respective Affiliates may in the future publish research reports with respect to some or all of the Indices linked to certain Classes of ETP Securities or the assets underlying such Indices. This research may be modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the ETP Securities. The research should not be viewed as a recommendation or endorsement of the ETP Securities in any way and investors must make their own independent investigation of the merits of this investment. Any of these activities by the Swap Providers or any of their respective Affiliates may affect the market price of the Indices to which certain Classes of ETP Securities are linked or their components and the value of such commodity indices or such equity indices and, therefore, the market value of such ETP Securities.

The Swap Providers and their respective Affiliates may act in a number of capacities in respect of ETP Securities issued under the Programme including, without limitation, Authorised Participant, Swap Provider and calculation agent in respect of the Swap Agreements to which they are party. The Swap Providers and their respective Affiliates acting in such capacities in connection with such ETP Securities will have only the duties and responsibilities expressly agreed to by such entities in the relevant capacity and will not, by virtue of acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity. The Swap Providers and their respective Affiliates in their various capacities in connection with the ETP Securities may enter into business dealings, from which they may derive revenues and profits in addition to any fees, without any duty to account therefor.

## **Risks related to other Programme Parties**

### ***Other business activities of Authorised Participants***

The Authorised Participants and/or their respective Affiliates may be active traders in equities and/or commodities markets, including in the physical markets for commodities, in the futures markets and the over-the-counter markets. These trading activities may present a conflict between the interests of holders of the ETP Securities and the interests of the Authorised Participants and their respective Affiliates may have in their proprietary accounts, in facilitating transactions, including options and other derivatives transactions, for their customers and in accounts under their management. These trading activities, if they influence the value of an Index to which a Class of ETP Securities is linked, could be adverse to the interests of the ETP Securityholders. The Authorised Participants and their respective Affiliates may also issue or underwrite additional securities or trade other products the return on which is linked to the value of an Index linked to a Class of ETP Securities or other similar strategies. An increased level of investment in these products may negatively affect the level of an Index to which a Class of ETP Securities is linked and therefore the amount payable in respect of such Class of ETP Securities on their stated maturity date or any prior redemption date, as applicable, and the market value of such ETP Securities.

These activities could give rise to conflicts of interest which are adverse to the interests of the ETP Securityholders and could adversely effect the market value of such ETP Securities. With respect to any of the activities described above, none of the Authorised Participants or any of their respective Affiliates has any obligation to the Issuer to take the needs of any buyers, sellers or holders of the ETP Securities into consideration at any time.

### ***Collateral Administrator***

The Bank of New York Mellon (“**BNYM**”) and its Affiliates may act in a number of capacities in respect of ETP Securities issued under the Programme including, without limitation, Collateral Administrator. BNYM and its Affiliates acting in such capacities in connection with the ETP Securities will have only the duties and responsibilities expressly agreed to by such entities in the relevant capacity and will not, by virtue of acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity. BNYM and its Affiliates in their various capacities in connection with the ETP Securities may enter into business dealings, from which they may derive revenues and profits in addition to any fees, without any duty to account therefor.

### ***Determination Agent***

In its role as Determination Agent under the ETP Securities, Boost ETP LLP will, pursuant to the provisions of the Determination Agency Agreement, the Operating Procedures Agreement and the Conditions, make various non-discretionary calculations, that affect the ETP Securities, including calculating, among other things, the Price per ETP Security and the Redemption Amounts. The value of the ETP Securities could be adversely affected by such calculations. In making such calculations the Determination Agent will depend upon timely and accurate provision of information and certain constituent values of the relevant formulae which are provided to the Determination Agent by various parties, including the Swap Provider, the relevant Index Sponsor and the Issuer. Any consequent variation in the value of the amounts required to be calculated by the Determination Agent could result in a change to value of the ETP Securities.

### ***Trustee and Security Trustee***

In connection with the exercise of their respective functions, the Trustee and Security Trustee will have regard to the interests of the ETP Securityholders as a class and will not have regard to the consequences of such exercise for individual ETP Securityholders and the Trustee and Security Trustee will not be entitled to require, nor will any ETP Securityholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual ETP Securityholders.

## **Risks related to the market generally**

### **Exchange rate risks and exchange controls**

The Issuer will satisfy its payment obligations in respect of the ETP Securities in the currency of determination of the ETP Securities. This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the specified currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the specified currency or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the specified currency would decrease (a) the Investor’s Currency equivalent value of the payment payable on the ETP Securities and (b) the Investor’s Currency equivalent market value of the ETP Securities.

All of the collateral transferred to the Issuer by a Swap Provider under the Credit Support Document between it and the Issuer will be valued in euros. However, ETP Securities may be issued that are denominated in currencies other than euros. In the event that the security created by the applicable Collateral Pool Security Deed is enforced, a proportion of the euro proceeds of the liquidation of such collateral will be converted into the relevant currency in order for the Issuer to pay amounts due in respect of any Class of ETP Securities denominated in a currency other than euro. Changes in foreign currency exchange rates may have the effect of reducing the funds available to make payments to the holders of any Class of ETP Securities entitled to the benefit of the security created by such Collateral Pool Security Deed.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less payment than expected and may receive no payment.

## OVERVIEW OF THE PROGRAMME

*The following overview of the Programme and the ETP Securities does not purport to be complete and is subject to and qualified by the detailed information contained elsewhere in this Base Prospectus and in the Final Terms in respect of each Class of ETP Securities. Words and expressions not defined in this overview shall have the meanings given to them elsewhere in this Base Prospectus.*

### Description of the Programme

Collateralised ETP Securities Programme pursuant to which the Issuer may issue collateralised exchange traded securities (“**ETP Securities**”) linked to indices providing exposure to a range of asset classes including equities and commodities. Such ETP Securities may have long or short, and leveraged or unleveraged, exposure to the daily performance of the referenced index.

The Issuer will enter into collateralised swap transactions with market counterparties in order to fund its payment obligations in respect each issued Class of ETP Securities.

### Parties to the Programme

**Issuer** Boost Issuer Public Limited Company, a public limited liability company incorporated under the laws of Ireland with registration number 515981.

**Manager** Boost Management Limited, a private limited company incorporated in Jersey with registered number 111057.

**Swap Provider(s)** BNP Paribas Arbitrage S.N.C. and any Eligible Swap Provider that has entered into a Swap Provider Agreement with the Issuer and has acceded to the Operating Procedures Agreement.

**Trustee** The Law Debenture Trust Corporation p.l.c.

**Security Trustee** The Law Debenture Trust Corporation p.l.c.

**Collateral Administrator** The Bank of New York Mellon.

**Issuing and Paying Agent** Capita International Financial Services (Ireland) Limited.

**Paying Agents** The Issuer may appoint additional paying agents in relation to a Class of ETP Securities if required by the rules of any stock exchange on which ETP Securities are listed or admitted to trading.

**Listing Agent** Maples and Calder.

**Registrar** Capita IRG Trustees Limited.

**Determination Agent** Boost ETP LLP

**Authorised Participant(s)** BNP Paribas Arbitrage S.N.C., and any Eligible Authorised Participant that has entered into an Authorised Participant Agreement with the Issuer and has acceded to the Operating Procedures Agreement.

Only an Authorised Participant may subscribe for or require the Issuer to repurchase the ETP Securities (except in limited circumstances including following the occurrence of an AP Bid Price Redemption Event). The ETP Securities are to be traded on the London Stock Exchange or any other relevant exchange on which the ETP Securities are admitted to trading. The ETP Securities may be bought and sold on such exchanges without the involvement of an Authorised Participant.

## **Description of the Programme**

If so specified in the Final Terms in respect of any Tranche of Securities, the Issuer consents to the use of the Base Prospectus by any Authorised Participant, (an **"Authorised Offeror"**) in connection with any offer of ETP Securities that is not within an exemption from the requirement to publish a prospectus under the Prospectus Directive (a **"Non-exempt Offer"**) during the offer period specified in the relevant Final Terms (the **"Offer Period"**), in the relevant Member State(s) and subject to the applicable conditions, in each case specified in the relevant Final Terms.

The consent referred to above relates to Offer Periods occurring within 12 months from the date of this Base Prospectus.

## **The Programme**

On 30 November 2012 the Issuer established a programme (the **"Programme"**) for the issuance of collateralised exchange-traded securities (**"ETP Securities"**). The maximum number of ETP Securities that may be outstanding at any time under the Programme is 1,000,000,000.

## **Issuance of Classes of ETP Securities**

The Issuer may issue classes of ETP Securities under the Programme (each a **"Class"**). Each Class of ETP Securities constitutes limited recourse obligations of the Issuer, secured on and payable solely from the assets constituting the Security in respect of such Class. Each Class of ETP Securities may comprise one or more tranches (each, a **"Tranche"**).

If the net proceeds of the enforcement of the assets constituting the Security for a Class of ETP Securities are not sufficient to make all payments due in respect of such ETP Securities (after payment of all obligations of the Issuer ranking senior thereto), no other assets of the Issuer (including the Security in respect of any other Class of ETP Securities) will be available to meet such shortfall and the claims of the creditors of the Issuer in respect of such Class and such shortfalls shall be extinguished.

## **Method of issuance**

ETP Securities will be issued in Classes. Each Class may comprise a number of different Tranches issued on identical terms other than the Issue Date and Issue Price per ETP Security and with the ETP Securities of each Tranche of a Class being interchangeable with all other ETP Securities of that Class.

## **Continual issuance and redemption**

It is intended that the ETP Securities of each Class shall be subject to a continual issuance and redemption mechanism, under which additional ETP Securities of such Class may be issued as further Tranches, and ETP Securities may be redeemed by ETP Securityholders who are Authorised Participants.

## **Issuer expenses**

Pursuant to the Services Agreement and certain of the Programme Documents, the Manager has agreed to pay all fees, costs and expenses incurred by the Issuer in relation to the Programme and the ETP Securities, including remuneration and other amounts payable to the Trustee, the Security Trustee and the Agents.

## **Principal features of the ETP Securities**

### ***Form of ETP Securities***

The ETP Securities may be issued in bearer form (including in new global note form and in classic global note form) and serially numbered, in registered form (including in registered form issued under the new safekeeping structure), in bearer form exchangeable for Registered Securities or in dematerialised uncertificated registered form which shall not be exchangeable for Bearer Securities, in each case in the amount and currency of denomination specified in the Applicable Product Annex.

### ***Terms and Conditions of ETP Securities***

Each Class of ETP Securities will have the terms and conditions set out in the section of this Base Prospectus headed "*Terms and Conditions of ETP Securities*" (including the Applicable Product Annex) as completed by the Final Terms in respect of each Tranche of that Class.

### ***Applicable Product Annex***

In respect of a Class of ETP Securities, the Annex to the Terms and Conditions of the ETP Securities that sets out supplemental terms and conditions that apply to ETP Securities of the type of such Class.

### ***Issue Price***

The Issue Price in respect of each Tranche of ETP Securities will be set out in the Final Terms with respect to such Tranche.

### ***Interest***

The ETP Securities will not bear interest at a prescribed rate.

### ***Redemption at maturity***

Unless previously redeemed in whole or purchased and cancelled by the Issuer, the ETP Securities of each Class will become due and payable on their Final Redemption Settlement Date at their Redemption Amount. The Redemption Amount will be payable in daily instalments, commencing on the Final Redemption Settlement Date, equal to an ETP Security's pro rata portion of the amount received from each relevant Swap Provider on each such day.

### ***Final Redemption Settlement Date***

The Final Redemption Settlement Date in respect of a Class of ETP Securities will be the day that falls such number of Valuation Dates, following the Final Redemption Date, as is required to unwind the related Swap Transaction in accordance with the terms thereof, the relevant Swap Provider Agreement(s) and the Operating Procedures Agreement.

### ***Final Redemption Date***

30 November 2062.

### ***Redemption Amount***

An amount equal to the greater of:

- (1) the Principal Amount of that ETP Security; and
- (2) the Weighted Average of the Price per ETP Security calculated in respect of the Redemption Unwind Period.

### ***Redemption Pricing Date***

Each Valuation Date falling in the Redemption Unwind Period.

### ***Redemption Unwind Period***

In relation to a Compulsory Redemption Date or the Final Redemption Date in respect of the ETP Securities, the

number of Valuation Dates that result from dividing (i) the product of the Price per ETP Security and the total number of ETP Securities outstanding as of the Valuation Date immediately preceding the date of occurrence of such Compulsory Redemption Event or Final Redemption Date; by (ii) the then applicable Maximum Daily Termination Limit for such Class.

### ***Compulsory Redemption***

The ETP Securities of a Class may fall for compulsory redemption prior to their Final Redemption Date at the Compulsory Redemption Amount if a Compulsory Redemption Event occurs. The Compulsory Redemption Amount will be payable in daily instalments, commencing on the relevant Compulsory Redemption Settlement Date, equal to an ETP Security's pro rata portion of the amount received from each relevant Swap Provider on each such day.

### ***Compulsory Redemption Events***

The ETP Securities of a Class may fall for compulsory redemption if any of the following events occur:

- (1) a Swap Transaction entered into by the Issuer in connection with such Class terminates in whole following the occurrence of a Market Disruption Event, Severe Disruption Event, Index Component Disruption Event (in the case of Commodity Securities only), Index Modification, Index Cancellation, Index Disruption, Change in Law, Hedging Disruption or Increased Cost of Hedging (each as defined in the Applicable Product Annex);
- (2) if on any Valuation Date falling on or after the 60<sup>th</sup> calendar day following the Price per ETP Security falling below 500 per cent. of the Principal Amount of such ETP Securities and the Price per ETP Security is less than 200 per cent. of the Principal Amount of such ETP Securities;
- (3) any of the Determination Agent, the Issuing and Paying Agent, the Registrar, the Collateral Administrator, and/or all of the Authorised Participants in relation to the ETP Securities resign their appointment or their appointment is terminated for any reason and no successor or replacement has been appointed at the time that such resignation or termination takes effect;
- (4) if the Price per ETP Security in respect of the ETP Securities has not been published by or on behalf of the Issuer for 14 consecutive Non-Disrupted Valuation Dates;
- (5) (a) due to the adoption of or any change in any applicable law, regulation, rule, order, ruling or procedure or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation), the Issuer gives notice that the ETP Securities of a Class are to be redeemed, because:
  - (a) it has (or reasonably expects that it will) become illegal for the Issuer to (x) hold,

acquire or dispose of all of the types of Eligible Collateral, and/or (y) perform its obligations under such ETP Securities and/or any relevant Swap Agreement; or

(b) the Issuer would (or would expect to) incur a materially increased cost in performing its obligations under such ETP Securities and/or any relevant Swap Agreement;

(6) a Swap Transaction in respect of a Class of ETP Securities terminates prior to the Final Redemption Date of that Class and is not replaced within the applicable time period in circumstances which do not constitute an Event of Default with respect to such ETP Securities; or

(7) the Issuer exercises its option to call all or some of the ETP Securities for early redemption.

**Compulsory Redemption Amount**

An amount equal to the greater of:

- (1) the Principal Amount of that ETP Security; and
- (2) each ETP Security's pro rata portion of the amount(s) payable by the Swap Provider(s) to the Issuer pursuant to the applicable Swap Transactions.

**Optional Redemption by ETP Securityholders who are Authorised Participants**

An ETP Securityholder which is also an Authorised Participant may on any Valuation Date require the Issuer to redeem all or part of its holding of ETP Securities of a Class at the Optional Redemption Amount on the relevant Optional Redemption Settlement Date by submitting to the Issuer a valid Redemption Order specifying either Index Pricing or Agreed Pricing and otherwise in accordance with the relevant Authorised Participant Agreement and the Operating Procedures Agreement.

**Optional Redemption Amount**

An amount per ETP Security equal to:

- (1) if Index Pricing applies, the Price per ETP Security as at the relevant Redemption Pricing Date; or
- (2) if Agreed Pricing applies, the amount agreed between the Authorised Participant and the relevant Swap Provider(s) and specified in the relevant Redemption Order.

**Optional Redemption by ETP Securityholders who are not Authorised Participants**

An ETP Securityholder of any Class which is not also an Authorised Participant may require the Issuer to redeem all or any part of its holding of such ETP Securities at the Optional Redemption Amount (which shall, in all cases of optional redemption by ETP Securityholders who are not Authorised Participants, be calculated on the basis of Index Pricing) only if the Issuer has notified the ETP Securityholders in respect of any Valuation Date, or until further announcement or generally, that redemption requests from ETP Securityholders which are not Authorised Participants will be permitted.

**ETP Securityholder's exposure to the daily** The return on each Class of ETP Securities will be linked

***performance of the applicable Index***

to the daily performance of the applicable Index, as the Redemption Amount will be derived from the closing price of such Index on the relevant pricing date.

***The Index***

In respect of any Class of ETP Securities, the equity or commodity index specified in the relevant Final Terms (see the section of this Base Prospectus headed “*The Indices*”).

The Applicable Product Annex specifies whether an Index is a Leveraged Index or a Non-Leveraged Index.

An ETP Security may provide a leveraged exposure to the relevant underlying equities or commodities or commodity futures contracts by referencing:

- (1) a Leveraged Index, where the leverage is already contained in the Index, or
- (2) a Non-Leveraged Index, where the leverage multiple is applied to the daily return of the Non-Leveraged Index.

In either case, such class of ETP Security would have the same Product Leverage Factor.

No Class of ETP Securities will both (1) reference a Leveraged Index and (2) leverage the performance of such Index by applying an Product Leverage Factor in the calculation of the Price with respect to such ETP Securities.

***Leveraged Indices***

If the Index referenced by a Class of ETP Securities is a Leveraged Index, such Index will provide a leveraged exposure to the relevant Benchmark Index with the effect that any negative or positive changes in the level of such Benchmark Index will be multiplied by the applicable Index Leverage Factor (as specified in the Applicable Product Annex).

***Benchmark Index***

In the case of a Class of ETP Securities referencing a Non-Leveraged Index, such Non-Leveraged Index, and in the case of a Class of ETP Securities referencing a Leveraged Index, the underlying, unleveraged index from which such Leveraged Index is derived.

***Product Leverage Factor***

Each Class of ETP Securities is assigned a Product Leverage Factor of +1, +2, +3, -1, -2 or -3, as specified in the relevant Final Terms.

***Long or short exposure***

ETP Securities with a positive Product Leverage Factor have long exposure to the daily performance of the applicable Benchmark Index, and ETP Securities with a negative Product Leverage Factor have short exposure to the daily performance of the applicable Benchmark Index.

The Price per ETP Security with a positive Product Leverage Factor will increase if the level of the applicable Benchmark Index increases, and will decrease if the level of the applicable Benchmark Index falls, whereas the Price per ETP Security with a negative Product Leverage Factor will decrease if the level of the applicable Benchmark Index increases, and will increase if the level

of the applicable Benchmark Index falls.

***Non-Leveraged ETP Securities***

Any Class of ETP Securities with a Product Leverage Factor of +1 has unleveraged exposure to the daily performance of the relevant Benchmark Index, with the effect that any negative or positive changes in the price of such Benchmark Index will have a proportionate effect on the Price of such ETP Securities.

***Leveraged ETP Securities***

Any Class of ETP Securities with a Product Leverage Factor other than +1 has leveraged (long or short) exposure to the daily performance of the relevant Benchmark Index, with the effect that any negative or positive changes in the price of such Benchmark Index will be magnified by the applicable factor in calculating the Price of such ETP Securities.

***Events of Default***

If:

- (1) the Issuer defaults in the payment of any sum due in respect of a Class of ETP Securities or any of them for a period of 14 calendar days or more;
- (2) the Issuer does not perform or comply with any one or more of its non-payment obligations under a Class of ETP Securities or the Trust Deed in respect of such Class, which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not remedied within 30 calendar days (or such longer period as the Trustee may permit) after notice of such default was given to the Issuer;
- (3) any order shall be made by any competent court or any resolution passed for the winding-up or dissolution of the Issuer;
- (4) an examiner is appointed in respect of the Issuer;
- (5) a Swap Transaction in respect of a Class of ETP Securities terminates prior to the Final Redemption Date of that Class following the occurrence of an event of default with respect to the Issuer;
- (6) a Swap Transaction in respect of a Class of ETP Securities terminates prior to the Final Redemption Date of that Class following the occurrence of an event of default with respect to the relevant Swap Provider, and the Issuer is unable to enter into a replacement transaction with a Swap Provider on or prior to the 30<sup>th</sup> calendar day following such termination;
- (7) either (i) an ISDA Credit Derivatives Determinations Committee announces that it has resolved that a Bankruptcy Credit Event (as defined in the 2003 ISDA Credit Derivatives Definitions) has occurred with respect to the Collateral Administrator or (ii) the Collateral Administrator becomes subject to Bankruptcy (as defined in the ISDA 2002 Master Agreement) proceedings; or

the Issuer fails to pay any termination payment due and payable by it to a Swap Provider in the event of the replacement of one or more Terminated Swap Transactions,

then the Trustee at its discretion may, or shall, if so directed in writing by the required proportion of the ETP Securityholders, provided that it has been indemnified and/or secured and/or prefunded to its satisfaction, declare that the ETP Securities of such Class are immediately due and payable at their Redemption Amount.

Notwithstanding the foregoing, if the Issuer has entered into Swap Transactions with more than one Swap Provider in relation to any Class of ETP Securities in respect of which an event of default described in subparagraph (5) above has occurred, then the Issuer may, but is not obliged, to exercise its option to divide such ETP Securities into more than one Class (see "*Consolidation and division of Tranches and Classes*" below), each relating to a different Swap Provider, in order that only the new Class of ETP Securities relating to the terminated Swap Transaction shall become due and repayable.

The Trustee will, if any Connected Class is declared due and payable prior to its scheduled date of redemption as a result of an event of default pursuant to its terms and conditions, provided that it has been indemnified and/or secured and/or prefunded to its satisfaction, declare each other Connected Class immediately due and payable at their Redemption Amount.

***Consolidation and division of Tranches and Classes***

The Issuer may consolidate or divide all of the ETP Securities of any Class into ETP Securities of the same Class but with a proportionately larger or smaller Principal Amount and Price per ETP Security. Whenever as a result of consolidation of ETP Securities an ETP Securityholder would become entitled to a fraction of an ETP Security the Issuer will redeem such fractional ETP Security.

The Issuer may at any time (without the consent of the ETP Securityholders) determine to divide a Class of ETP Securities in respect of which the Issuer has entered into Swap Transactions with more than one Swap Provider by allocating one or more Swap Provider Collateral Pools to a new Class of ETP Securities.

***Limited recourse***

In respect of the ETP Securities of any Class, the Programme Parties and the ETP Securityholders shall have recourse only to the Class Secured Property in respect of such ETP Securities and the Collateral Pool Secured Property in respect of any Swap Agreement relating to such ETP Securities, subject always to the Security, and not to any other assets of the Issuer. If, following realisation in full of the Class Secured Property and the Collateral Pool Secured Property (whether by way of liquidation or enforcement) and application of available cash sums as provided in Condition 6, the Trust Deed and any Collateral Pool Security Deed, as applicable, any outstanding claim against the Issuer in respect of the Class Secured Obligations remains unpaid, then such outstanding claim shall be extinguished and no debt shall

be owed by the Issuer in respect thereof. Following the extinguishment of any such claim, none of the Programme Parties, the ETP Securityholders of any relevant Class or any other person acting on behalf of any of them shall be entitled to take any further steps against the Issuer or any of its officers, shareholders, corporate service providers or directors to recover any further sum in respect of the extinguished claim and no debt shall be owed to any such persons by the Issuer in respect of such further sum.

None of the Programme Parties, the ETP Securityholders of any Class or any person acting on behalf of any of them may, at any time, bring, institute or join with any other person in bringing, instituting or joining insolvency, administration, bankruptcy, winding-up, examinership or any other similar proceedings (whether court-based or otherwise) in relation to the Issuer or any of its assets, and none of them shall have any claim arising with respect to the sums, assets and/or property attributable to any other securities issued by the Issuer (save for any further securities which form a single Class or a Connected Class with the ETP Securities).

***Governing law of ETP Securities***

Each Class of ETP Securities, the Master Trust Deed, the Supplemental Trust Deed relating to a Class of ETP Securities and the Collateral Pool Security Deed will each be governed by English law.

***Listing and admission to trading***

Application has been made to the London Stock Exchange for the ETP Securities issued under this Programme to be admitted to the London Official List and to be admitted to listing and trading on the London Market.

Application may be made to the Frankfurt Stock Exchange for the ETP Securities issued under this Programme to be admitted to the German Official List and to be admitted to listing and trading on the German Market.

Application may be made to the Italian Stock Exchange for the ETP Securities issued under this Programme to be admitted to the Italian Official List and to be admitted to listing and trading on the Italian Market.

***Selling and transfer restrictions***

There are restrictions in relation to the offering and sale of ETP Securities and the distribution of offering materials in certain jurisdictions. See the section of this Base Prospectus headed "*Subscription and Sale*".

***Swap Agreements***

The Issuer has entered into a Swap Agreement with the Initial Swap Provider, and will enter into a Swap Agreement with each Additional Swap Provider, each pursuant to an ISDA 2002 Master Agreement. See the section of this Base Prospectus headed "*The Swap Agreements*".

The Issuer will enter into one or more Swap Transactions relating to each Class of ETP Securities, pursuant to which the Issuer will pay the proceeds of issuance of each Tranche of such Class to one or more Swap Providers, and such Swap Provider(s) shall pay to the Issuer amounts equal to the amounts due to the relevant ETP Securityholders upon the redemption of any ETP Securities of such Class.

## **Collateralisation of Swap Agreements**

Each Swap Provider will agree to transfer Collateral to the Issuer in respect of its obligations under the relevant Swap Agreement by entering into a 1995 ISDA Credit Support Annex (Transfer - English Law) to such Swap Agreement. Such collateral may be in the form of government bonds or listed equities.

The aggregate euro market value of Eligible Collateral required to be transferred to the Issuer by the relevant Swap Provider in respect of any London Business Day will be calculated based on the Issuer's net exposure to the Swap Provider in respect of each Swap Transaction entered into with that Swap Provider as at such Business Day (converted, if applicable, into euros at the prevailing currency exchange rate), and will not be segregated between Swap Transactions under such Swap Agreement or Connected Classes of ETP Securities, but will be segregated between Swap Providers. See the section of this Base Prospectus headed "*Collateralisation of Swap Agreements*".

## **Security for the ETP Securities**

In respect of the ETP Securities of each Class, the Security shall be constituted by the Trust Deed relating to such Class and by each Collateral Pool Security Deed applicable to such Class.

Pursuant to the applicable Trust Deed, the Issuer will create security in respect of a Class of ETP Securities in favour of the Trustee (for the benefit of the relevant Class Secured Creditors) over (i) all of the Issuer's rights, title, interest and benefit present and future in, to and under the Programme Documents to the extent that they relate to such Class of ETP Securities (other than the Issuer's rights, title and interest in any Collateral Pool Security Deed and the agreements subject to the security created by the Collateral Pool Security Deed, and (ii), certain cash, property and contractual claims of the issuer that relate solely to that Class of the ETP Securities, as continuing security for the Issuer's obligations owed to the relevant Class Secured Creditors.

Pursuant to the Collateral Pool Security Deed relating to each Swap Provider, the Issuer will create security in respect of a Class of ETP Securities in favour of the Security Trustee (for the benefit of the relevant Collateral Pool Secured Creditors) over (i) all of the Issuer's rights, title, interest and benefit present and future in, to and under the relevant Collateral Pool Documents, (ii) the assets comprising the relevant Swap Provider Collateral Pool, (iii) all sums held now or in the future by or on behalf of the Issuer to meet payments due in respect of the obligations and duties of the Issuer under the relevant Swap Agreement (as defined herein), and (iv) all sums, securities and any other property held or received by the Liquidation Agent (as defined herein) relating to the relevant Swap Agreement, any relevant Credit Support Document (as defined herein) and the ETP Securities, as continuing security for the Issuer's obligations owed to the relevant Collateral Pool Secured Creditors.

## **Settlement and clearing**

A Class of ETP Securities may, subject to all applicable legal and regulatory requirements, be issued in Tranches or Classes comprising either global bearer securities,

global registered securities, definitive registered securities or uncertificated registered securities.

Uncertificated registered securities shall be held in uncertificated registered form in accordance with the Uncertificated Securities Regulations 2001 and the Irish Companies Act 1990 (Uncertificated Securities) Regulations 1996 (S.I. No. 68 of 1996), as amended by the Irish Companies Act 1990 (Uncertificated Securities) (Amendment) Regulations 2005 (S.I. No. 693 of 2005) and such other regulations made under section 239 of the Irish Companies Act 1990 having force within Ireland as are applicable to Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited) and/or the CREST “relevant system” (as defined in such regulations) and are from time to time in force (the “**Uncertificated Regulations**”) and as such are dematerialised and not constituted by any physical document of title. Uncertificated registered securities shall be cleared through CREST and are participating securities for the purposes of the Uncertificated Regulations. Title to the uncertificated registered securities is recorded on the Register and shall pass by registration in the Register.

## ECONOMIC OVERVIEW OF THE ETP SECURITIES

### Overview of the ETP Securities

The Issuer may from time to time issue collateralised exchange traded securities under the Programme, linked to indices providing exposure to a range of asset classes on the terms set out in the section of this Base Prospectus headed “*Terms and Conditions of the ETP Securities*”, as supplemented and amended in respect of each Class of ETP Securities by the Applicable Product Annex and read in conjunction with the Final Terms relating to such Class.

The return on each Class of ETP Securities will be linked to the daily performance of the Index referenced by that Class, as the Redemption Amount of such ETP Securities will be derived from the closing price of such Index on the relevant pricing date (see “*Price per ETP Security*” below).

### Leveraged and unleveraged exposure

The exposure of a Class of ETP Securities to the Index referenced by it may be long or short and may be leveraged or unleveraged. Further, the Index referenced by a Class of ETP Securities may itself leverage the performance of an unleveraged index, which itself references the same underlying assets and is published by the same index sponsor. The underlying, unleveraged index to which any Class of ETP Securities may be referenced, or from which any leveraged index referenced by a Class of ETP Securities is derived, is referred to in this Economic Summary as the relevant “**Benchmark Index**”).

Each Class of ETP Securities is assigned an overall leverage factor (the “**Product Leverage Factor**”) that takes into account either (i) leverage within the terms of such ETP Securities (the “**Applied Leverage Factor**”); or (ii) leverage within the terms of the relevant Index (the “**Index Leverage Factor**”). In all cases, a Class of Leveraged ETP Securities will either have an Index Leverage Factor different from one, or an Applied Leverage Factor different from one, but will not have both an Index Leverage Factor different from one and an Applied Leverage Factor different from one. The Product Leverage Factor will be any of +1, +2, +3, -1, -2 or -3, as shall be specified in the relevant Final Terms. Each Class of ETP Securities which is assigned a Product Leverage Factor of +1 constitutes a Class of “**Non-Leveraged ETP Securities**” and every other Class of ETP Securities will constitute a Class of “**Leveraged ETP Securities**”.

### Long or short exposure

A Class of ETP Securities may provide long or short exposure to its Benchmark Index, in addition to providing leveraged exposure to such Index.

ETP Securities which have:

- (i) a positive Product Leverage Factor, will provide long exposure to the daily performance of the relevant Benchmark Index (“**Long ETP Securities**”). This means that the Price of ETP Security of such ETP Securities will increase if the Index Price of the Benchmark Index increases on such day, and will decrease if the Index Price of the underlying Benchmark Index falls on such day (in each case excluding the effects of any applicable fees and adjustments); or
- (ii) a negative Product Leverage Factor, will provide short exposure to the daily performance of the relevant Benchmark Index (such ETP Securities, “**Short ETP Securities**”). This means that the Price of ETP Security of a Class of Short ETP Securities will decrease if the Index Price of its Benchmark Index increases on such day, and will increase if the Index Price of the underlying falls on such day (in each case excluding the effects of any applicable fees and adjustments).

In addition, the Index referenced by a Class of ETP Securities may give short exposure to the daily performance of the constituent assets for the relevant Benchmark Index. Accordingly, the level of that Index will increase if the aggregate value of its constituent assets falls, and will decrease if the aggregate value of its constituent assets rises. The level of a short Index at any time will be calculated by reference to the level of the relevant Benchmark Index at that time, without referring directly to the constituent assets for that Index. Any such short Index will be designated a negative Index Leverage Factor of -1, -2 or -3 in the Applicable Product Annex.

### Daily return and simulated examples

Each Leveraged ETP Security is “daily leveraged” in that on any given day, the change in its Price per ETP Security (excluding the effects of any applicable fees and adjustments) will be a multiple (eg. 3x in the case of Long ETP Securities or -3x in the case of Short ETP Securities) of the performance of the relevant

Benchmark Index on that day. The Leveraged ETP Securities track a multiple (-3x, -2x, -1x, +2x, +3x) of the Benchmark Index's return for a single Valuation Date only, as measured from the closing price on that Valuation Date to the closing price on the immediately following Valuation Date, and not for any other period. The return of Leveraged ETP Securities for a period longer than one day is the result of its return for each day compounded over all days in that period.

The simulated returns included in the charts set out below are included merely as examples of possible eventualities in order to demonstrate the relationship between the price of Leveraged ETP Securities (in each case excluding the effects of any applicable fees and adjustments, and assuming that no Disruption Event or Adjustment Event occurs) and the performance of the relevant Index.

The charts below illustrate, for a simulated Class of Short ETP Securities with Product Leverage Factor -3x and a simulated Class of (Long) Leveraged ETP Securities with Product Leverage Factor 3x, which reference hypothetical daily returns for the same Benchmark Index; (i) how daily returns are calculated on each Valuation Date (Chart 1) and (ii) how the Price per ETP Security can develop over periods of more than one Valuation Date (Chart 2).

Chart 1

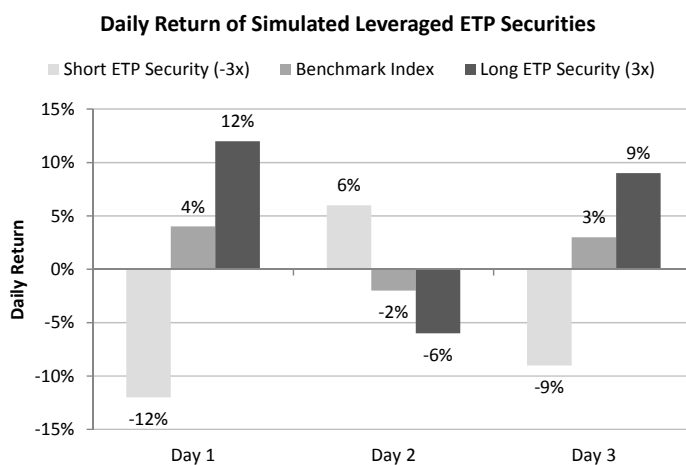


Chart 2

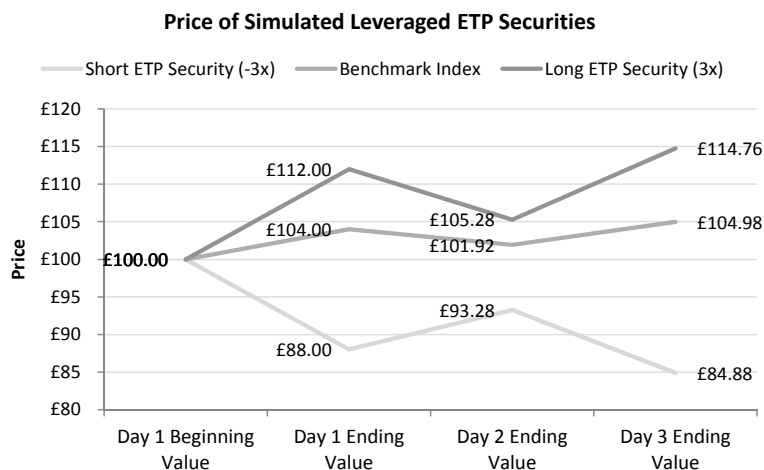
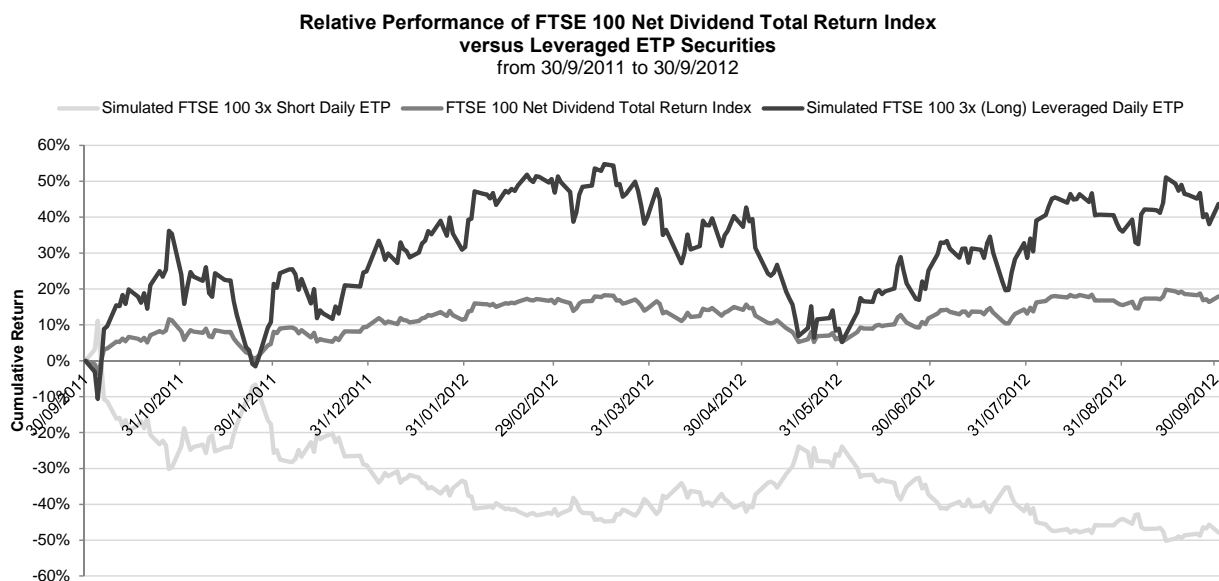


Chart 3 shows how the FTSE 100 Net Dividend Total Return Index performed between 30 September 2011 and 30 September 2012. It also shows for the performance of a simulated FTSE 100 3x Short Daily ETP and a simulated FTSE 100 3x (Long) Leveraged Daily ETP over the same period (which for comparison purposes all exclude the effects of applicable fees and adjustments).

Chart 3



As a consequence of the leveraged returns over periods longer than one day (excluding the effects of any applicable fees and adjustments):

- (a) the return of such Leveraged ETP Securities will likely differ from the product of the Benchmark Index's return and the Product Leverage Factor; and
- (b) a Leveraged ETP Security will lose value if the relevant Benchmark Index's performance is flat (i.e. has a zero or close to zero return); and
- (c) it is possible for a Leveraged ETP Security with long (or short) exposure to the relevant Benchmark Index to lose value even if the relevant Benchmark Index's return is positive (negative); and
- (d) The risks in (a) to (c) will be magnified for longer holding periods, higher Benchmark Index volatility and higher leverage.

The examples below (which for comparison exclude the effects of any applicable fees and adjustments) illustrate how simulated Leveraged ETP Securities, which track hypothetical daily returns of a Benchmark Index, can behave over periods longer than one day. Each example shows simulated Leveraged ETP Securities with Product Leverage Factors of -3x, -2x, -1x, 2x and 3x tracking the same hypothetical Benchmark Index. In each example, the return on the ETP Securities for each day is equal to the product of the return of the Benchmark Index for that day and the relevant Product Leverage Factor.

**Examples of the return of such Leveraged ETP Securities differing from the product of the Benchmark Index's return and the Product Leverage Factor**

Example (a.1) below shows a hypothetical scenario of a sideways trending market. The bottom two rows in the table show (1) the cumulative return of the simulated Leveraged ETP Securities and the hypothetical Benchmark Index measured over a five-day period, and (2) the cumulative return of the Benchmark Index over that five-day period multiplied by the Product Leverage Factor of each such Leveraged ETP Security ("the **Benchmark Leveraged Return**").

Although the simulated daily return on the ETP Securities for each of the five days is equal to the product of the return of the Benchmark Index for that day and the applicable Product Leverage Factor, over the entire five-day period the cumulative return of each simulated Leveraged ETP Security is different to the Benchmark Leveraged Return. Due to the nature of compounded daily leveraged returns over more than one day, this result is typical of a flat or sideways trending market.

Example (a.1)

period	Product Leverage Factor	Short ETP Securities			Benchmark Index	Long ETP Securities	
		-3x	-2x	-1x	1x	2x	3x
Day 1	Beginning Value	£ 100.00	£ 100.00	£ 100.00	£ 100.00	£ 100.00	£ 100.00
	Return	-12.0%	-8.0%	-4.0%	4.0%	8.0%	12.0%
	Ending Value	£ 88.00	£ 92.00	£ 96.00	£ 104.00	£ 108.00	£ 112.00
Day 2	Return	15.0%	10.0%	5.0%	-5.0%	-10.0%	-15.0%
	Ending Value	£ 101.20	£ 101.20	£ 100.80	£ 98.80	£ 97.20	£ 95.20
Day 3	Return	-9.0%	-6.0%	-3.0%	3.0%	6.0%	9.0%
	Ending Value	£ 92.09	£ 95.13	£ 97.78	£ 101.76	£ 103.03	£ 103.77
Day 4	Return	-15.0%	-10.0%	-5.0%	5.0%	10.0%	15.0%
	Ending Value	£ 78.28	£ 85.62	£ 92.89	£ 106.85	£ 113.34	£ 119.33
Day 5	Return	12.0%	8.0%	4.0%	-4.0%	-8.0%	-12.0%
	Ending Value	£ 87.67	£ 92.46	£ 96.60	£ 102.58	£ 104.27	£ 105.01
Entire 5-day period	Cumulative Return	-12.33%	-7.54%	-3.40%	2.58%	4.27%	5.01%
	Benchmark Leveraged Return = Cumulative Return of Benchmark Index x Product Leverage Factor						
		-7.73%	-5.16%	-2.58%	2.58%	5.16%	7.73%

Example a.2 below shows a hypothetical scenario in which the market is trending in one direction (in this case upwards). The five-day cumulative return of the simulated Leveraged ETP Securities “outperforms” the five-day return of the Benchmark Leveraged Return. This is seen where (i) the simulated Short ETP Securities have higher (less negative) returns than the relevant Benchmark Leveraged Return and (ii) the simulated Long ETP Securities have higher (more positive) returns than the relevant Benchmark Leveraged Return.

Example (a.2)

period	Product Leverage Factor	Short ETP Securities			Benchmark Index	Long ETP Securities	
		-3x	-2x	-1x	1x	2x	3x
Day 1	Beginning Value	£ 100.00	£ 100.00	£ 100.00	£ 100.00	£ 100.00	£ 100.00
	Return	-15.0%	-10.0%	-5.0%	5.0%	10.0%	15.0%
	Ending Value	£ 85.00	£ 90.00	£ 95.00	£ 105.00	£ 110.00	£ 115.00
Day 2	Return	-18.0%	-12.0%	-6.0%	6.0%	12.0%	18.0%
	Ending Value	£ 69.70	£ 79.20	£ 89.30	£ 111.30	£ 123.20	£ 135.70
Day 3	Return	3.0%	2.0%	1.0%	-1.0%	-2.0%	-3.0%
	Ending Value	£ 71.79	£ 80.78	£ 90.19	£ 110.19	£ 120.74	£ 131.63
Day 4	Return	-15.0%	-10.0%	-5.0%	5.0%	10.0%	15.0%
	Ending Value	£ 61.02	£ 72.71	£ 85.68	£ 115.70	£ 132.81	£ 151.37
Day 5	Return	-21.0%	-14.0%	-7.0%	7.0%	14.0%	21.0%
	Ending Value	£ 48.21	£ 62.53	£ 79.69	£ 123.80	£ 151.40	£ 183.16
Entire 5-day period	Cumulative Return	-51.79%	-37.47%	-20.31%	23.80%	51.40%	83.16%
	Benchmark Leveraged Return = Cumulative Return of Benchmark Index x Product Leverage Factor						
		-71.39%	-47.59%	-23.80%	23.80%	47.59%	71.39%

**Example of a Leveraged ETP Security losing value if the relevant Benchmark Index’s performance is flat (i.e. has a zero or close to zero return)**

Example (b) below demonstrates a hypothetical scenario in which the cumulative return of the Benchmark Index over a period longer than one day is flat (i.e. zero or close to zero). The simulated Leveraged ETP Securities all exhibit negative cumulative returns over the period.

Example (b)

period	Product Leverage Factor	Short ETP Securities			Benchmark Index	Long ETP Securities	
		-3x	-2x	-1x	1x	2x	3x
Day 1	Beginning Value	£ 100.00	£ 100.00	£ 100.00	£ 100.00	£ 100.00	£ 100.00
	Return	30.0%	20.0%	10.0%	-10.0%	-20.0%	-30.0%
	Ending Value	£ 130.00	£ 120.00	£ 110.00	£ 90.00	£ 80.00	£ 70.00
Day 2	Return	-33.3%	-22.2%	-11.1%	11.1%	22.2%	33.3%
	Ending Value	£ 86.67	£ 93.33	£ 97.78	£ 100.00	£ 97.78	£ 93.33
Entire 2-Day period	Cumulative Return	-13.33%	-6.67%	-2.22%	0.00%	-2.22%	-6.67%

**Example of a Leveraged ETP Security with long (or short) exposure to the relevant Benchmark Index losing value even if the relevant Benchmark Index's return is positive (negative)**

Example (c) below demonstrates a hypothetical scenario in which the cumulative return of the Benchmark Index over a period longer than one day is positive, but the simulated Long ETP Securities exhibit a negative return.

period	Product Leverage Factor	Benchmark Index	Long ETP Securities	
		1x	2x	3x
Day 1	Beginning Value	£ 100.00	£ 100.00	£ 100.00
	Return	-10.0%	-20.0%	-30.0%
	Ending Value	£ 90.00	£ 80.00	£ 70.00
Day 2	Return	12.0%	24.0%	36.0%
	Ending Value	£ 100.80	£ 99.20	£ 95.20
Entire 2-Day period	Cumulative Return	0.80%	-0.80%	-4.80%

**Examples of risks being magnified by longer holding periods, higher Benchmark Index volatility and higher leverage**

*The effect of increasing volatility*

The charts below show the performance of simulated Leveraged ETP Securities with Product Leverage Factors of +3x (chart d.1) and -3x (chart d.2) over one year for a number of combinations of Benchmark Index returns (vertical axis) and volatility (horizontal axis). They illustrate that for holding periods longer than one day (in this case one year), the return of Leveraged ETP Securities decreases as the volatility of the Benchmark Index increases (looking left to right), for a specified Benchmark Index return. The shaded areas indicate combinations where Leveraged ETP Securities can be expected to return less than the Benchmark Leveraged Return over the one year holding period.

Chart (d.1)

1 year return of Benchmark Index	Benchmark Leveraged Return (Return of Benchmark Index multiplied by 3)	Simulated 1 year returns of ETP with Product Leverage Factor 3x				
		1 year volatility of the Benchmark Index				
		10%	20%	30%	40%	50%
50%	150%	227.5%	199.3%	157.6%	108.8%	59.4%
40%	120%	166.3%	143.4%	109.5%	69.8%	29.6%
30%	90%	113.2%	94.9%	67.7%	35.9%	3.8%
20%	60%	67.7%	53.3%	31.9%	6.9%	-18.4%
10%	30%	29.2%	18.0%	1.6%	-17.6%	-37.1%
0%	0%	-3.0%	-11.3%	-23.7%	-38.1%	-52.8%
-10%	-30%	-29.3%	-35.3%	-44.3%	-54.9%	-65.6%
-20%	-60%	-50.3%	-54.6%	-60.9%	-68.3%	-75.8%
-30%	-90%	-66.7%	-69.6%	-73.8%	-78.8%	-83.8%
-40%	-120%	-79.0%	-80.8%	-83.5%	-86.6%	-89.8%
-50%	-150%	-87.9%	-88.9%	-90.5%	-92.3%	-94.1%

Chart (d.2)

1 year return of Benchmark Index	Benchmark Leveraged Return (Return of Benchmark Index multiplied by -3)	Simulated 1 year returns of ETP with Product Leverage Factor -3x				
		1 year volatility of the Benchmark Index				
		10%	20%	30%	40%	50%
50%	-150%	-72.1%	-76.7%	-82.7%	-88.7%	-93.4%
40%	-120%	-65.7%	-71.3%	-78.8%	-86.0%	-91.9%
30%	-90%	-57.1%	-64.2%	-73.5%	-82.6%	-89.8%
20%	-60%	-45.5%	-54.5%	-66.3%	-77.8%	-87.1%
10%	-30%	-29.2%	-40.9%	-56.2%	-71.2%	-83.2%
0%	0%	-5.8%	-21.3%	-41.7%	-61.7%	-77.7%
-10%	30%	29.2%	7.9%	-20.1%	-47.5%	-69.4%
-20%	60%	83.9%	53.6%	13.8%	-25.2%	-56.4%
-30%	90%	174.6%	129.3%	69.9%	11.6%	-34.9%
-40%	120%	336.0%	264.2%	169.8%	77.3%	3.3%
-50%	150%	653.4%	529.3%	366.2%	206.3%	78.5%

The simulation in the charts above assumes a randomly determined daily Benchmark Index return ending with the specified cumulative Benchmark Index return over one year. For ease of illustration, the returns of the simulated +3x and -3x Leveraged ETP Securities are calculated excluding the effects of any applicable fees and adjustments.

#### *The effect of longer holding periods*

The charts below show the performance of a simulated Benchmark Index with an annualised volatility of 25% (which is approximately the average volatility of the EuroSTOXX 50 index over the 10 years ended 1 October 2012) and simulated Leveraged ETP Securities with Product Leverage Factors of 3x (chart d.3) and -3x (chart d.4). For each holding period (horizontal axis) and each cumulative return of the Benchmark Index over such holding period (vertical axis), the charts show the cumulative return of a simulated Leveraged ETP Security versus the Benchmark Leveraged Return over that period. The charts below illustrate that, for the same Benchmark Index return, the cumulative return of Leveraged ETP Securities decreases as the holding period increases (looking left to right). The shaded areas indicate combinations where the relevant simulated Leveraged ETP Security can be expected to return less than the Benchmark Leveraged Return over the holding period.

Chart (d.3)

Cumulative Return of Benchmark Index	Benchmark Leveraged Return (Return of Benchmark Index multiplied by 3)	Simulated returns of ETP with Product Leverage Factor 3x				
		Length of holding period at 25% volatility				
		3 Months	6 Months	1 Year	2 Years	3 Years
50%	150%	222.0%	207.3%	179.8%	132.0%	92.3%
40%	120%	161.8%	149.8%	127.5%	88.6%	56.3%
30%	90%	109.6%	100.0%	82.1%	51.0%	25.2%
20%	60%	64.9%	57.3%	43.3%	18.8%	-1.5%
10%	30%	27.0%	21.2%	10.3%	-8.5%	-24.2%
0%	0%	-4.6%	-8.9%	-17.1%	-31.3%	-43.0%
-10%	-30%	-30.4%	-33.6%	-39.6%	-49.9%	-58.5%
-20%	-60%	-51.1%	-53.4%	-57.6%	-64.8%	-70.8%
-30%	-90%	-67.3%	-68.8%	-71.6%	-76.4%	-80.5%
-40%	-120%	-79.4%	-80.3%	-82.1%	-85.2%	-87.7%
-50%	-150%	-88.1%	-88.6%	-89.6%	-91.4%	-92.9%

Chart (d.4)

Cumulative Return of Benchmark Index	Benchmark Leveraged Return (Return of Benchmark Index multiplied by -3)	Simulated returns of ETP with Product Leverage Factor -3x				
		Length of holding period at 25% volatility				
		3 Months	6 Months	1 Year	2 Years	3 Years
50%	-150%	-73.0%	-75.4%	-79.6%	-86.0%	-90.4%
40%	-120%	-66.8%	-69.8%	-75.0%	-82.8%	-88.2%
30%	-90%	-58.6%	-62.3%	-68.7%	-78.5%	-85.2%
20%	-60%	-47.3%	-52.0%	-60.2%	-72.7%	-81.2%
10%	-30%	-31.6%	-37.7%	-48.4%	-64.5%	-75.6%
0%	0%	-8.9%	-17.1%	-31.3%	-52.8%	-67.5%
-10%	30%	24.9%	13.7%	-5.7%	-35.2%	-55.5%
-20%	60%	77.8%	61.9%	34.2%	-7.7%	-36.6%
-30%	90%	165.5%	141.7%	100.4%	37.7%	-5.3%
-40%	120%	321.5%	283.8%	218.2%	118.7%	50.3%
-50%	150%	628.4%	563.2%	449.8%	277.9%	159.7%

The simulation in the charts assumes a randomly determined daily Benchmark Index return ending with the indicated cumulative return over the specified holding period. For ease of illustration, the returns of the simulated +3x and -3x Leveraged ETP Securities are calculated excluding the effects of any applicable fees and adjustments.

### Price per ETP Security

The Price per ETP Security is calculated daily to reflect the daily change in the relevant Index of the ETP Security, and will take into account all applicable fees and adjustments.

On the Issue Date of the Class, the Price per ETP Security will be equal to its Issue Price. On any Valuation Date thereafter (which is not a Disrupted Day and on which a Restrike Event does not occur), the Price per ETP is calculated as the Price per ETP Security on the immediately preceding Valuation Date, and adjusted by (i) the change in the level of the Index since such preceding Valuation Date, (ii) Index Adjustments (if applicable) and (iii) fees.

“Index Adjustments” reflect any cash borrowing costs, cash lending revenues, stock borrowing costs, revenues on collateral or costs of transaction taxes, which are not already reflected in the Index. Costs and revenues such as these would be incurred by a hypothetical investor seeking to gain a leveraged or a short exposure to a Benchmark Index. For example:

- In order to achieve a long leveraged position in an equity index, a hypothetical investor taking such leveraged position must borrow funds at a cost in order to finance the additional investment in the underlying assets to gain the desired leverage.
- To achieve a short position in an equity index, a hypothetical investor must borrow the index constituents at a cost, in order to sell (short) the underlying equities. The proceeds received from the sale of the Benchmark Index constituents typically earn the investor interest revenue.
- To rebalance a long leveraged or a short position, a hypothetical investor needs to either sell or buy the underlying assets. In markets where transaction taxes apply on the sale or purchase of securities, such investor will incur the cost of the transaction taxes.

- To achieve a long or short position in commodity futures, a hypothetical investor has to post collateral, on which that investor will earn interest on the collateral amount.

Some Leveraged Indices include some, all or none of these adjustments while a Non-Leveraged Index would include none of these adjustments. To ensure all Leveraged ETP Securities are treated on the same basis, Index Adjustments will be made to those Leveraged ETP Securities where the Index does not already include the relevant adjustments in its calculation by the relevant index provider.

### **Factors affecting the Price per ETP Security and the market value of the ETP Securities**

The Price per ETP Security of a Class will be affected by a number of factors, including:

- (i) the performance of the Index referenced by that Class. The performance of the Index referenced by a Class are affected by the value of the underlying assets for that Index, the level of interest rates employed in the calculation of that Index, any transaction tax accounted for in the calculation of that index and the degree of leverage applied under the methodology of that Index. The value of the underlying assets for the Index will vary depending on global and regional economic performance, market sentiment, borrowing and lending rates, the liquidity of such assets and any other factors that may affect the ability of a holder of such assets to value or sell their holding;
- (ii) the level of the fees (including management fees and swap fees) and funding and borrowing adjustments applied in calculating the Price per ETP Security, which may be varied by agreement between the Issuer and the relevant Swap Provider; and
- (iii) the occurrence of a Disruption Event, an Adjustment Event, a Change in Law, an Increased Cost of Hedging or Hedging Disruption.

General movements in local and international markets and factors that affect the investment climate and investor sentiment could all affect the level of trading and, therefore, the market price of the ETP Securities.

The market price of the ETP Securities will also be affected by a number of factors, including, but not limited to:

- (i) the value and volatility of the Index referenced by the ETP Securities and the assets underlying that Index;
- (ii) market perception, interest rates, yields and foreign exchange rates;
- (iii) the nature and value of the Swap Transaction and the Credit Support Document entered into by the Issuer in connection with the relevant Class of ETP Securities and the creditworthiness of the Swap Provider in respect of such Swap Transaction and Credit Support Document;
- (iv) the nature and value of any Posted Collateral under the Credit Support Document relating to such Class of ETP Securities;
- (v) the creditworthiness of the Collateral Administrator, any Sub-custodian and the Authorised Participants; and
- (vi) the liquidity in the ETP Securities.

The Price per ETP Security and the secondary market price of the ETP Securities can go down as well as up throughout the term of the ETP Securities. Commodity and commodity futures contracts prices, in particular, are generally more volatile than prices in other asset classes and the secondary market Price per ETP Security linked to a commodity index may demonstrate similar volatility. The Price per ETP Security and market price of the ETP Securities on any Valuation Date may not reflect their prior or future performance. There can be no assurance as to the future value and market price of the ETP Securities.

### **Issue Price**

The Issue Price in respect of a Tranche of ETP Securities will be specified in the Final Terms relating to such Tranche.

## **Use of issue proceeds**

The net proceeds of issuance of each Class of ETP Securities on the Issue Date of such Class, or from the issuance of a further Tranche of any Class, will be paid to the Swap Provider(s) as upfront payments under the Swap Transaction(s) entered into by the Issuer in connection with the relevant Class of ETP Securities, provided that prior to such payment each such Swap Provider has delivered Eligible Collateral to the Collateral Administrator, on behalf of the Issuer, under the Credit Support Document between the Issuer and such Swap Provider in respect of the increase in the Issuer's exposure to such Swap Provider resulting from the entry into, or increase in the size of, such Swap Transactions.

## **Swap Transactions**

The Issuer will enter into Swap Transactions in relation to each Class of ETP Securities in order that such Swap Transactions will, together, produce funds to service all of the Issuer's payment obligations in respect of that Class. The Issuer is a special purpose company incorporated for the purpose of issuing ETP Securities, and will have no funds to pay amounts due and payable by it in respect of any ETP Securities other than the amounts received by it under such Swap Transactions, or the amounts realised from the liquidation of any Posted Collateral provided by a defaulting Swap Provider.

Each time ETP Securities are issued, redeemed or repurchased, corresponding Swap Transaction(s) will be entered into (or existing Swap Transaction(s) will be upsized) or terminated (or downsized), as applicable. Each such Swap Transaction will be in respect of a certain number of "Index Units". It is intended that, at all times, the aggregate number of Index Units in respect of the Swap Transaction(s) entered into by the Issuer in connection with a Class of ETP Securities will be equal to the outstanding number of ETP Securities of that Class (plus the number of ETP Securities of that Class that have been subscribed for but not yet issued, and minus the number of ETP Securities of that Class that have become subject to redemption but have not yet redeemed), and the Issuer will decline a request for a further issuance of ETP Securities if it is unable to enter into or upsize the corresponding Swap Transactions. Where there is more than one Swap Provider to the Programme, Swap Transactions will be allocated among the Swap Providers in accordance with an allocation protocol.

If a Swap Agreement is terminated in certain circumstances, the Issuer will attempt to replace the Swap Transactions entered into in respect of a Class of ETP Securities under that Swap Agreement with replacement Swap Transactions with one or more other Swap Providers.

The obligations of a Swap Provider will be collateralised under a "**Credit Support Document**" pursuant to which each of the Swap Provider or the Issuer will transfer on each business day collateral satisfying certain prescribed criteria ("**Eligible Collateral**") according to movements in the aggregate value of the Swap Transactions entered into between them. For a given Swap Provider, if the aggregate value of the Swap Transactions less the aggregate value of the Eligible Collateral is positive, then the Swap Provider will provide additional Eligible Collateral to the Issuer before the close of that business day. If the aggregate value of the Swap Transactions less the aggregate value of the Eligible Collateral is negative, then the Issuer will transfer Eligible Collateral to the Swap Provider before the close of that business day. Such collateral will be held with The Bank of New York Mellon in its capacity as the Collateral Administrator.

The ETP Securities are not obligations of, and are not guaranteed by, any of the Swap Providers (or any credit support provider to any Swap Provider).

## **Interest on the ETP Securities**

The ETP Securities do not bear interest at a prescribed rate.

## **Amount payable on the maturity of the ETP Securities**

Unless previously redeemed in whole, each ETP Security will become due and payable on its Final Redemption Settlement Date at its Redemption Amount.

The Redemption Amount of each ETP Security of a Class shall be an amount calculated by the Determination Agent to be equal to the greater of (a) such ETP Security's Principal Amount; and (b) the Price per ETP Security of such ETP Security as at the relevant Redemption Pricing Date, as calculated in accordance with Condition 5, based on Weighted Average Price per ETP Security during the applicable Redemption Unwind Period as reduced on account of the applicable Swap Execution Rate(s). The Redemption Amount will be payable in daily instalments, commencing on the relevant Compulsory

Redemption Settlement Date, equal to an ETP Security's pro rata portion of the amount received from each relevant Swap Provider on each such day.

### **Early redemption**

If an Event of Default occurs in respect of a Class of ETP Securities, each ETP Security of such Class will become due and payable on the relevant Early Redemption Date at its Redemption Amount, subject to the Issuer having sufficient funds available, after applying the proceeds of the enforcement of the Security in paying all senior amounts due in accordance with the applicable orders of priority, to pay such amounts in full.

### **Optional redemption of ETP Securities by ETP Securityholders**

ETP Securities may be applied for and redeemed on any Valuation Date, but the requisite application and redemption notices and orders may, other than in certain limited circumstances with respect to redemption notices, only be given by Authorised Participants. All other persons must buy and sell ETP Securities through trading on the stock exchange(s) on which such ETP Securities are admitted to trading.

An ETP Securityholder which is also an Authorised Participant may on any Valuation Date require the Issuer to redeem all or part of its holding of ETP Securities of a Class at the Optional Redemption Amount on the relevant Optional Redemption Settlement Date by submitting to the Issuer a valid Redemption Order specifying either Index Pricing or Agreed Pricing and otherwise in accordance with the relevant Authorised Participant Agreement and the Operating Procedures Agreement.

An ETP Securityholder of any Class which is not also an Authorised Participant may require the Issuer to redeem all or any part of its holding of such ETP Securities at the Optional Redemption Amount (which shall, in all cases of optional redemption by ETP Securityholders who are not Authorised Participants, be calculated on the basis of Index Pricing) only if the Issuer has notified the ETP Securityholders in accordance with Condition 18 in respect of any Valuation Date that redemption requests from ETP Securityholders which are not Authorised Participants will be permitted and no later notice to the contrary has been delivered.

Any ETP Security that is subject to Optional Redemption in accordance with Condition 8.2 will become due and payable on the relevant Optional Redemption Settlement Date at its Optional Redemption Amount, being an amount per ETP Security equal to:

- (i) if Index Pricing applies, the Price per ETP Security as at the relevant Index Redemption Pricing Date, as reduced on account of the applicable Swap Execution Rate(s); or
- (ii) if Agreed Pricing applies, the amount agreed between the relevant Swap Provider and the Authorised Participant and specified in the Agreed Redemption Order delivered by the Swap Provider and the Authorised Participant (either in one document or in separate documents) to the Issuer in connection with the Optional Redemption of such ETP Securities.

### **Compulsory redemption**

If a Compulsory Redemption Event occurs in respect of a Class of ETP Securities, each ETP Security of such Class will become due and payable on the Compulsory Redemption Settlement Date at its Compulsory Redemption Amount. The Compulsory Redemption Amount will be payable in daily instalments, commencing on the relevant Compulsory Redemption Settlement Date, equal to an ETP Security's pro rata portion of the amount received from each relevant Swap Provider on each such day.

### **Funding of payments due to the holders of ETP Securities**

The Issuer will fund any payment(s) due to the holder of an ETP Security (including, for the avoidance of doubt, any Redemption Amount, Optional Redemption Amount or Compulsory Redemption Amount due in respect of such ETP Security) from the payments due to it under the Swap Transaction(s) entered into by the Issuer with Swap Provider(s) in connection with such Class of ETP Securities. The Issuer's ability to pay to the holder of an ETP Security any amounts due in respect of such ETP Security is entirely dependent on the Issuer's receipt of the payments due to it under the relevant Swap Transaction(s). If the Issuer does not receive in full the amounts due to it under a relevant Swap Transaction, the Security Trustee may (subject to the terms of the applicable relevant Collateral Pool Security Deed) enforce the security under the relevant Collateral Pool Security Deed.

If, following the realisation in full of the Class Secured Property and the Collateral Pool Secured Property relating to a Class of ETP Securities and application of available cash sums as provided in Conditions 6.6(A), 6.6(B) and 6.6(C), there are any outstanding claims against the Issuer in respect of such Class of ETP Securities, then such outstanding claims will be extinguished and no debt will be owed by the Issuer in respect thereof.

### **Taxation and no gross-up**

Each ETP Securityholder will assume and be solely responsible for any and all Taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local Taxes or other like assessment or charges that may be applicable to any payment to it in respect of the ETP Securities. In the event that any withholding or deduction for or on account of Tax is imposed on payments on the ETP Securities, the ETP Securityholders will be subject to such Tax or deduction and will not be entitled to receive amounts to compensate for such withholding or deduction. No Event of Default will occur as a result of any such withholding or deduction.

Transfers of Posted Collateral and payments made to the Issuer under the Swap Agreement in relation to a Class of ETP Securities and/or in connection with the transfer or disposal of Eligible Collateral or Posted Collateral under the Credit Support Document relating to a Swap Agreement and a Class of ETP Securities may be subject to charges, withholding or deduction for, or on account of, Taxes (including without limitation, on the realisation, transfer or other disposal of any Posted Collateral in connection with the enforcement of the security created in favour of the Issuer under the Credit Support Document). In such circumstances the sums available to the Issuer (and/or the Trustee) to pay the Redemption Amount, the Optional Redemption Amount or the Compulsory Redemption Amount may not be sufficient to satisfy in full the claims of the ETP Securityholders and all creditors whose claims rank in priority to those of the ETP Securityholders.

## THE INDICES

The ETP Securities are index linked securities. Prospective investors should note that the amount payable in respect of the redemption of the ETP Securities and the Price per ETP Security is linked to the daily performance of the Index specified in the relevant Final Terms, as may be replaced, substituted or otherwise adjusted from time to time in accordance with the Conditions.

Prospective investors should review the index description, rules and disclosure published by the relevant Index Sponsor on the relevant website listed in the Section of this Base Prospectus titled “*Description of the Indices*”.

### **Long, short and/or leveraged exposure**

The index to which a Class of ETP Securities relates may be designed to provide long or short exposure to (i) a basket of different equities, commodities or commodity futures contracts (which may or may not be equally weighted) or (ii) to a single equity, commodity or commodity futures contract, and, in either case, may employ leverage. Some of these features are explained below.

An index which provides long exposure will increase when the underlying Benchmark Index rises and will decrease when the Benchmark Index falls (excluding any adjustments).

An index which provides short exposure will decrease when the underlying Benchmark Index rises and will increase when the Benchmark Index falls (excluding any adjustments).

An index which provides a leveraged exposure will magnify the losses or gains to investors resulting from a change in the price of the equities, commodities or commodity futures contracts underlying the Index as compared to an otherwise identical index that does not employ leverage.

### **Adjustments due to costs and revenues inherent to leveraged and short positions**

Maintaining a short or a leveraged exposure to an index has certain inherent costs and revenues. Depending on the strategy and the underlying index, these may include cash borrowing costs, cash lending revenues, stock borrowing costs, revenues on collateral and transaction taxes. Some Leveraged Indices reflect adjustments to the daily performance of the index that include, but are not limited to, all, some or none of these costs and revenues.

### **Terms relating to equity indices**

#### ***Price return***

An equity index calculated on a “price return” basis measures the aggregate changes in the prices of the underlying stocks, without including the value of dividend income from those stocks.

#### ***Gross return or gross total return***

An equity index calculated on a “gross return” or “gross total return” basis measures the aggregate changes in the prices of the underlying stocks, including the value of dividend income (typically before-tax) from those stocks. Such an index reinvests the dividend amount distributed, typically before taxes, back into the index or its underlying constituents.

#### ***Net return or net total return***

An equity index calculated on a “net return” or “net total return” basis measures the aggregate changes in the prices of the underlying stocks, including the value of net-of-tax dividend income from those stocks. Such an index reinvests the dividend amount distributed, net of relevant taxes, back into the index or its underlying constituents.

#### ***Adjustment due to an extreme intra-day fall in the index level***

In order to alleviate the risk of a fall of 100% in the level of a Short Index or Leveraged Index over one day, the calculation of some Short Indices and Leveraged Indices incorporate an intra-day adjustment mechanism. If on any index trading day, the return of the Benchmark Index reaches a pre-determined threshold (such that the relevant Short Index or Leveraged Index suffers an extreme fall), an adjustment is made to the calculation of the index, which may include, upon reaching such threshold intra-day, a rebalancing of the short or leveraged position, or a suspension of the calculation of the index for the

remainder of the day. The thresholds that trigger such intra-day adjustments, as well as the specific adjustment mechanisms employed, may differ from index to index, and are described in detail in the handbook of each relevant index.

## **Terms relating to commodity indices**

### ***Roll return***

The roll return refers to the return received when a commodity index shifts its reference price from a constituent commodity futures contract into another futures contract referencing the same commodity with a longer maturity. The roll return can be positive. For Long ETP Securities, a backwardated market would be positive and a contango market would be negative. For Short ETP Securities, a backwardated market would be negative and a contango market would be positive.

### ***Backwardation***

In relation to commodity futures, when the price of the near-dated commodity futures contract is greater than the price of the longer-dated commodity futures contract, the market for such contracts is referred to as being in “backwardation”. If the rolling process for an index occurs when the price of a commodity futures contract is in backwardation, this results in a greater quantity of lower price, longer-dated, commodity futures contract being acquired, with the investment amount held constant.

### ***Contango***

When the price of the near-dated commodity futures contract is lower than the price of the longer-dated commodity futures contract, the market for such contracts is referred to as being in “contango”. If the rolling process for an index occurs when the price of a commodity or a commodity futures contract is in contango, this results in a smaller quantity of higher priced, longer-dated, commodity futures contracts being acquired with the investment amount held constant.

### ***Excess return***

A commodity index calculated on an “excess return” basis measures the aggregate change in the prices of the underlying commodity futures contracts and the roll return.

### ***Total return***

A commodity index calculated on a “total return” basis includes, in addition to the aggregate change in the prices of the underlying commodity futures contracts and the roll return (together, the excess return), the revenue from the overnight interest return on collateral, reflecting a fully collateralised position in the underlying commodity futures.

### ***Front month contract***

Every commodity future series consists of a number of listed contracts with maturity dates in different calendar months. In respect of any day, a listed commodities futures contract which has the earliest maturity date (i.e. the contract closest to expiry) in the series is called a front month contract.

## DESCRIPTION OF THE INDICES

*The information in this section of the Base Prospectus has been extracted from the websites set out below and has been reproduced on the basis of information available to the Issuer. Such information has been accurately reproduced and, as far as the Issuer is able to ascertain from such information, no facts have been omitted which would render the reproduced information inaccurate or misleading. The websites set out below do not form part of this Base Prospectus. The delivery of this Base Prospectus at any time does not imply any representation on the part of the Issuer, the Authorised Participants, the Trustee, the Agents, the Swap Providers or any other person that any information contained therein is correct at any time subsequent to the date of this Base Prospectus.*

*Purchasers of ETP Securities should conduct such independent investigation and analysis regarding the Indices, the relevant index sponsors and all other parties connected to the Indices from time to time as they deem appropriate to evaluate the merits and risks of an investment in the ETP Securities.*

### Description of Equity Indices

#### **AEX<sup>®</sup> Indices**

The AEX<sup>®</sup> index reflects the performance of the 25 most actively traded shares listed on Euronext Amsterdam, is calculated in EUR, and is the most widely used indicator of the Dutch stock market. The index was first calculated in 1983.

On days of extreme movements in the AEX<sup>®</sup> index, the AEX<sup>®</sup> Short and Leveraged Indices below invoke an adjustment mechanism intended to alleviate the risk of a fall of 100% in the level of the index, as detailed in each index's handbook.

Further information on the AEX<sup>®</sup> indices can be found at: <https://indices.nyx.com/>

The ETP Securities are not sponsored, endorsed or promoted by the index sponsor in respect of any of the AEX<sup>®</sup> indices below or any other party. Purchasers of the ETP Securities should review the index disclaimer with respect to the AEX<sup>®</sup> indices set out in "Index Disclaimers" below.

#### **AEX<sup>®</sup> X3 Leverage NR Index**

The AEX X3 Leverage NR index aims to replicate the daily performance of the AEX NR<sup>®</sup> multiplied daily by three and adjusted to reflect certain inherent costs of maintaining the leveraged positions required to achieve that aim.

The adjustments reflected in the index performance include the cost of borrowing additional cash to invest in the underlying securities of the AEX<sup>®</sup> NR index. The cost of borrowing comprises the relevant overnight interest rate plus a funding spread term.

AEX<sup>®</sup> NR index is a net total return version of the AEX index. The level of the AEX<sup>®</sup> NR index is calculated on the basis that any ordinary gross dividends declared by the index constituents minus the tax according to a set tax table are reinvested back into the index.

#### **AEX<sup>®</sup> X3 Short GR Index**

The AEX<sup>®</sup> X3 Short GR Index aims to replicate the daily inverse performance of the AEX<sup>®</sup> GR index multiplied daily by three and adjusted to reflect certain inherent costs and revenues of maintaining the short positions required to achieve that aim.

The adjustments reflected in the index performance include the market cost of stock borrowing to maintain a short exposure and the revenue earned due to the overnight interest rate being received on any cash, collateral and short sale proceeds.

The AEX<sup>®</sup> GR index is a gross total return version of the AEX index. The level of the AEX<sup>®</sup> GR index is calculated on the basis that any ordinary gross dividends declared by the index constituents are reinvested back into the index.

#### **BEL 20 Indices**

The BEL 20<sup>®</sup> is a real-time index reflecting the continuous price evolution of the 20 most liquid Belgian shares listed on Euronext Brussels and serves as Blue-chip index for Euronext Brussels. The basis was set

at 1000 on 30.12.1990. The Index is published continuously and is calculated in EUR. The level of the BEL 20<sup>®</sup> Index is calculated on the basis that no ordinary dividends declared by the index constituents are reinvested back into the index.

The BEL 20<sup>®</sup> GR is a real-time index reflecting the continuous price evolution of the 20 most liquid Belgian shares listed on Euronext Brussels and serves as Blue-chip index for Euronext Brussels. The basis was set at 1000 on 30.12.1990. The Index is published continuously. The level of the BEL 20<sup>®</sup> GR Index is calculated on the basis that any ordinary gross dividends declared by the index constituents are reinvested back into the index.

On days of extreme movements in the BEL 20<sup>®</sup> index, the BEL 20 Short and Leveraged Indices below invoke an adjustment mechanism intended to alleviate the risk of a fall of 100% in the level of the index, as detailed in each index's handbook.

Further information on the BEL 20<sup>®</sup> indices can be found at: <https://indices.nyx.com/>

The ETP Securities are not sponsored, endorsed or promoted by the index sponsor in respect of the BEL 20 indices or any other party. Purchasers of the ETP Securities should review the index disclaimer with respect to the BEL 20 indices set out in "Index Disclaimers" below.

#### *BEL 20<sup>®</sup> Triple Leverage Index*

The BEL 20<sup>®</sup> Triple Leverage Index aims to replicate the daily performance of the BEL 20<sup>®</sup> index multiplied daily by three and adjusted to reflect certain inherent costs of maintaining the leveraged positions required to achieve that aim.

The adjustments reflected in the index performance include the cost of borrowing additional cash to invest in the underlying securities of the BEL 20<sup>®</sup>. The cost of borrowing comprises the relevant overnight interest rate plus a funding spread term.

The BEL 20<sup>®</sup> is calculated on a price return basis.

#### *BEL 20<sup>®</sup> Triple Short GR Index*

The BEL 20<sup>®</sup> Triple Short GR Index aims to replicate the daily inverse performance of the BEL 20<sup>®</sup> GR Index multiplied daily by three and adjusted to reflect certain inherent costs and revenues of maintaining the short positions required to achieve that aim.

The adjustments reflected in the index performance include the market cost of stock borrowing to maintain a short exposure and the revenue earned due to the overnight interest rate being received on any cash, collateral and short sale proceeds.

The BEL 20<sup>®</sup> Gross Total Return index is calculated on a gross total return basis.

### **CAC 40 Indices**

The CAC 40<sup>®</sup> Index is a narrow-based, modified capitalization-weighted index of 40 companies listed on Euronext Paris, and calculated in EUR. The index was developed with a base level of 1,000 as of December 31, 1987. As of December 1, 2003 the index has become a free float weighted index.

On days of extreme movements in the CAC 40 index, the CAC 40 Short and Leveraged Indices below invoke an adjustment mechanism intended to alleviate the risk of a fall of 100% in the level of the index, as detailed in each index's handbook.

Further information on the CAC 40 indices can be found at: <https://indices.nyx.com/>

The ETP Securities are not sponsored, endorsed or promoted by the index sponsor in respect of any of CAC 40 indices below or any other party. Purchasers of the ETP Securities should review the index disclaimer with respect to the CAC 40 indices set out in "Index Disclaimers" below.

#### *CAC 40 X3 Leverage NR Index*

The CAC 40 X3 Leverage NR Index aims to replicate the daily performance of the CAC 40<sup>®</sup> NR index multiplied daily by three and adjusted to reflect certain inherent costs of maintaining the leveraged positions required to achieve that aim.

The adjustments reflected in the index performance include the market cost of stock borrowing to maintain a short exposure and the revenue earned due to the overnight interest rate being received on any cash, collateral and short sale proceeds.

The CAC40<sup>®</sup> NR Index is a net total return version of the CAC 40 Index. The level of the CAC40<sup>®</sup> NR Index is calculated on the basis that any ordinary gross dividends declared by the index constituents minus the tax according to a set tax table are reinvested back into the index.

#### *CAC 40 X3 Short GR Index*

The CAC 40 X3 Short GR Index aims to replicate the daily inverse performance of the CAC40<sup>®</sup> GR multiplied daily by three and adjusted to reflect certain inherent costs and revenues of maintaining the short positions required to achieve that aim.

The adjustments reflected in the index performance include the market cost of stock borrowing to maintain a short exposure and the revenue earned due to the overnight interest rate being received on any cash, collateral and short sale proceeds.

The CAC40<sup>®</sup> GR Index is a gross total return version of the CAC 40 index. The level of the CAC40<sup>®</sup> GR Index is calculated on the basis that any ordinary gross dividends declared by the index constituents are reinvested back into the index.

#### **DAX Indices**

The DAX<sup>®</sup> is an index of 30 selected German blue chip stocks traded on the Frankfurt Stock Exchange. The index is open to companies with juristic headquarters in Germany or to companies with operating headquarters in Germany with a major share of their stock exchange turnover at the Frankfurt Stock Exchange and juristic headquarters in the European Union or in an EFTA state. The equities use free float shares in the index calculation. The DAX has a base value of 1,000 as of December 31, 1987. As of June 18, 1999 only XETRA equity prices are used to calculate all DAX indices. The DAX index is calculated in EUR.

The level of the DAX<sup>®</sup> index is calculated on a gross total return basis.

On days of extreme movements in the DAX index, the DAX Short and Leveraged Indices below invoke an adjustment mechanism intended to alleviate the risk of a fall of 100% in the level of the index, as detailed in each index's handbook.

Further information on the DAX<sup>®</sup> indices can be found at: <http://dax-indices.com/EN/index.aspx>.

The ETP Securities are not sponsored, endorsed or promoted by the index sponsor in respect of the DAX indices or any other party. Purchasers of the ETP Securities should review the index disclaimer with respect to the DAX indices set out in "Index Disclaimers" below.

#### *LevDAX X3 TR EUR Index*

The LevDAX X3 TR EUR Index aims to replicate the daily performance of the DAX<sup>®</sup> multiplied daily by three and adjusted to reflect certain inherent costs of maintaining the leveraged positions required to achieve that aim.

The adjustments reflected in the index performance include the cost of borrowing additional cash to invest in the underlying securities of the DAX<sup>®</sup>. The cost of borrowing comprises the relevant overnight interest rate plus a funding spread term.

#### *ShortDAX X3 TR EUR Index*

The ShortDAX X3 TR EUR Index aims to replicate the daily inverse performance of the DAX<sup>®</sup> index multiplied daily by three and adjusted to reflect certain inherent costs and revenues of maintaining the short positions required to achieve that aim.

The adjustments reflected in the index performance include the market cost of stock borrowing to maintain a short exposure and the revenue earned due to the overnight interest rate being received on any cash, collateral and short sale proceeds.

## **EURO STOXX 50 Indices**

The EURO STOXX 50 Index provides a Blue-chip representation of supersector (as defined by the Industry Classification Benchmark) leaders in the Eurozone. The index covers 50 stocks from 12 Eurozone countries: Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. The EURO STOXX 50 is weighted according to free-float market capitalization and is reviewed annually in September. The EURO STOXX 50 is calculated in EUR.

On days of extreme movements in the EURO STOXX 50 index, the EURO STOXX 50 Short and Leveraged Indices below invoke an adjustment mechanism intended to alleviate the risk of a fall of 100% in the level of the index, as detailed in each index's handbook.

Further information on the EURO STOXX 50 indices can be found at: <http://www.stoxx.com/indices>.

The ETP Securities are not sponsored, endorsed or promoted by the index sponsor in respect of the EURO STOXX 50 indices or any other party. Purchasers of the ETP Securities should review the index disclaimer with respect to the EURO STOXX 50 indices set out in "*Index Disclaimers*" below.

### *EURO STOXX 50 Daily Leverage 3 EUR Net Return Index*

The EURO STOXX 50 Daily Leverage 3 EUR Net Return Index aims to replicate the daily performance of the EURO STOXX 50 EUR Net Return index multiplied daily by three and adjusted to reflect certain inherent costs of maintaining the leveraged positions required to achieve that aim.

The adjustments reflected in the index performance include the cost of borrowing additional cash to invest in the underlying securities of the EURO STOXX 50 EUR Net Return index. The cost of borrowing comprises the relevant overnight interest rate plus a funding spread term.

The EURO STOXX 50 EUR Net Return is a net total return version of the EURO STOXX 50 index.

### *EURO STOXX 50 Daily Short 3 EUR Gross Return Index*

The EURO STOXX 50 Daily Short 3 EUR Gross Return Index aims to replicate the inverse daily performance of the EURO STOXX 50 EUR Gross Return Index multiplied daily by three and adjusted to reflect certain inherent costs and revenues of maintaining the short positions required to achieve that aim.

The adjustments reflected in the index performance include the market cost of stock borrowing to maintain a short exposure and the revenue earned due to the overnight interest rate being received on any cash, collateral and short sale proceeds.

The EURO STOXX 50 EUR Gross Return Index is a gross total return version of the EURO STOXX 50 index.

## **FTSE MIB Indices**

The FTSE MIB Index is the primary benchmark index for the Italian equity markets and measures the performance of 40 Italian equities and seeks to replicate the broad sector weights of the Italian stock market. The FTSE MIB Index is derived from the universe of stocks trading on the Borsa Italiana (Bit) main equity market, and is calculated in EUR.

On days of extreme movements in the FTSE MIB index, the FTSE MIB Short and Leveraged Indices below invoke an adjustment mechanism intended to alleviate the risk of a fall of 100% in the level of the index, as detailed in each index's handbook.

Further information on the FTSE MIB indices can be found at: <http://www.ftse.com/Indices>.

The ETP Securities are not sponsored, endorsed or promoted by the index sponsor in respect of the FTSE MIB indices or any other party. Purchasers of the ETP Securities should review the index disclaimer with respect to the FTSE MIB indices set out in "*Index Disclaimers*" below.

### *FTSE MIB Super Leveraged RT Net-of-Tax Lux TR Index*

The FTSE MIB Daily Super Leveraged RT Net-of-Tax (Lux) TR Index is derived from the FTSE MIB Net-of-Tax (Lux) TR Index and aims to replicate the daily performance of the FTSE MIB Net-of-Tax (Lux) TR Index

multiplied by a leverage factor of three and adjusted to reflect certain inherent costs of maintaining the leveraged positions required to achieve that aim.

The adjustments reflected in the index performance include the cost of borrowing additional cash to invest in the underlying securities of the FTSE MIB Net-of-Tax (Lux) TR Index. The cost of borrowing comprises the relevant overnight interest rate plus a funding spread term.

The FTSE MIB Net-of-Tax (Lux) TR Index is a net total return version of the FTSE MIB Index. The dividends used in the index total return calculations are those declared by the index constituents and are applied on the ex-dividend date net of Luxembourg tax.

#### *FTSE MIB Ultra Short Strategy RT GR Index*

The FTSE MIB Ultra Short Strategy RT GR Index is derived from the FTSE MIB Index and aims to replicate the inverse daily performance of the FTSE MIB Index multiplied by a leverage factor of three, and adjusted to reflect certain inherent costs and revenues of maintaining the short positions required to achieve that aim.

The adjustments reflected in the index performance include, but are not limited to, the market cost of stock borrowing to maintain a short exposure and the revenue earned due to the overnight interest rate being received on any cash, collateral and short sale proceeds.

The FTSE MIB Index is calculated on a gross total return basis.

#### **FTSE 100 Indices**

The FTSE 100 index is a capitalization-weighted index of the 100 most highly capitalised companies traded on the London Stock Exchange, and is calculated in GBP.

On days of extreme movements in the FTSE 100 index, the FTSE 100 Short and Leveraged Indices below invoke an adjustment mechanism intended to alleviate the risk of a fall of 100% in the level of the index, as detailed in each index's handbook.

Further information on the FTSE 100 indices can be found at: <http://www.ftse.com/Indices>.

The ETP Securities are not sponsored, endorsed or promoted by the index sponsor in respect of the FTSE 100 indices or any other party. Purchasers of the ETP Securities should review the index disclaimer with respect to the FTSE 100 indices set out in "Index Disclaimers" below.

#### *FTSE 100 Super Leveraged RT TR Index*

The FTSE 100 Super Leveraged RT TR Index is derived from the FTSE 100 Net Dividend TR Index and aims to replicate the daily performance of the FTSE 100 Net Dividend TR Index multiplied by a leverage factor of three and adjusted to reflect certain inherent costs of maintaining the leveraged positions required to achieve that aim.

The adjustments reflected in the index performance include the cost of borrowing additional cash to invest in the underlying securities of the FTSE 100 Net Dividend TR Index. The cost of borrowing comprises the relevant overnight interest rate plus a funding spread term.

The FTSE 100 Net Dividend TR Index is a net total return index. The level of the FTSE 100 Net Dividend TR Index is calculated by reference to an investibility rating and the dividends used in the index total return calculations are those declared by the index constituents and applied on the ex-dividend date. An adjustment is made for non-UK tax resident companies which are not resident in a tax haven where a manual adjustment is made for the withholding tax.

#### *FTSE 100 Ultra Short Strategy RT Gross TR Index*

The FTSE 100 Ultra Short Strategy RT Gross TR Index aims to replicate the inverse daily performance of the FTSE 100 Total Return Declared Dividend Index multiplied by a leverage factor of three and adjusted to reflect certain inherent costs and revenues of maintaining the short positions required to achieve that aim.

The adjustments reflected in the index performance include, but are not limited to, the market cost of stock borrowing to maintain a short exposure and the revenue earned due to the overnight interest rate being received on any cash, collateral and short sale proceeds.

The FTSE 100 Total Return Declared Dividend Index is a total return version of the FTSE 100 Index.

### ***Hang Seng Indices***

The Hang Seng China Enterprises Gross Total Return and Net Total Return indexes track the performance of mainland China enterprises with the largest and most liquid H-share listings on the Stock Exchange of Hong Kong, and are calculated in Hong Kong Dollar. The indices are freefloat-adjusted market capitalisation for investibility representation and weighted with a 10% cap on individual constituent weightings.

Cash dividends paid to shareholders by the constituent companies are added back to the index calculation, with the calculation of the indices assuming that the cash dividends are re-invested back into the index portfolio according to their respective market capitalisation weightings.

Further information on the Hang Seng China Enterprises indexes can be found at: <http://www.hsi.com.hk/>

The ETP Securities are not sponsored, endorsed or promoted by the index sponsor in respect of the Hang Seng China Enterprises indices or any other party. Purchasers of the ETP Securities should review the index disclaimer with respect to the Hang Seng China Enterprises indices set out in “*Index Disclaimers*” below.

#### ***Hang Seng China Enterprises Gross Total Return Index***

The Hang Seng China Enterprises Gross Total Return index, which is a gross total return index, re-invests the declared gross dividends into the index.

#### ***Hang Seng China Enterprises Net Total Return Index***

The Hang Seng China Enterprises Net Total Return Index, which is a net total return index, re-invests the after-tax net dividends back into the index.

#### ***HSCEI Leveraged Index***

The HSCEI Leveraged Index aims to replicate the daily performance of the Hang Seng China Enterprises Net Total Return Index multiplied daily by two and adjusted to reflect certain inherent costs of maintaining the leveraged positions required to achieve this aim.

The adjustments reflected in the index performance include the cost of borrowing additional cash to invest in the underlying securities of the Hang Seng China Enterprises Net Total Return Index and the cost of transaction taxes incurred in daily rebalancing.

#### ***HSCEI 2x Short Index***

The HSCEI 2x Short Index aims to replicate the daily inverse performance of the Hang Seng China Enterprises Gross Total Return Index multiplied daily by two and adjusted to reflect certain inherent costs and revenues of maintaining the short positions required to achieve that aim.

The adjustments reflected in the index performance include the revenue earned due to the overnight interest rate being received on any cash collateral and short sale proceeds, and the cost of transaction taxes incurred in daily rebalancing.

### ***NASDAQ-100<sup>®</sup> Indices***

The NASDAQ-100 index includes 100 of the largest non-financial securities listed on The NASDAQ Stock Market<sup>®</sup> (NASDAQ<sup>®</sup>) based on market capitalization, and is calculated in USD. It does not contain securities of financial companies including investment companies.

On days of extreme movements in the NASDAQ-100<sup>®</sup> index, the NASDAQ-100 Short and Leveraged Indices below invoke an adjustment mechanism intended to alleviate the risk of a fall of 100% in the level of the index, as detailed in each index’s handbook.

Further information on the NASDAQ-100 indices can be found at: <https://indices.nasdaqomx.com/>

The ETP Securities are not sponsored, endorsed or promoted by the index sponsor in respect of the NASDAQ-100 indices or any other party. Purchasers of the ETP Securities should review the index disclaimer with respect to the NASDAQ-100 indices set out in “*Index Disclaimers*” below.

### *NASDAQ-100<sup>®</sup> 3x Leveraged Notional Net Return Index*

The NASDAQ-100<sup>®</sup> 3x Leveraged Notional Net Return Index aims to replicate the daily performance of the NASDAQ-100 Notional Net Total Return Index multiplied daily by three and adjusted to reflect certain inherent costs of maintaining the leveraged positions required to achieve that aim.

The adjustments reflected in the index performance include the cost of borrowing additional cash to invest in the underlying securities of the NASDAQ-100 Notional Net Total Return Index. The cost of borrowing comprises the relevant overnight interest rate plus a funding spread term.

The NASDAQ-100 Notional Net Total Return Index is a net total return version of the NASDAQ-100. It is designed to reflect a reinvestment of 70% of cash dividends, and factors in a deduction based on an indicative 30% tax rate.

### *NASDAQ-100<sup>®</sup> 3x Inverse Total Return Index*

The NASDAQ-100<sup>®</sup> 3x *Inverse* Total Return Index aims to replicate the daily inverse performance of the NASDAQ-100 Total Return Index multiplied daily by three and adjusted to reflect certain inherent costs and revenues of maintaining the short positions required to achieve that aim.

The adjustments reflected in the index performance include the market cost of stock borrowing to maintain a short exposure and the revenue earned due to the overnight interest rate being received on any cash, collateral and short sale proceeds.

The NASDAQ-100 Total Return Index is a gross total return version of the NASDAQ-100 index. It reinvests cash dividends on the ex-date.

## **PSI 20 Indices**

The PSI 20<sup>®</sup> is the Portuguese benchmark index, reflecting the evolution of the prices of the 20 largest and most liquid share issues selected from the universe of companies listed on Euronext Lisbon, calculated in EUR. The PSI 20 constituent weights are adjusted for free-float and are limited to 15% of the index capitalisation on the periodic review date. The basis was set at 3000 on 31-12-1992.

On days of extreme movements in the PSI 20<sup>®</sup> index, the PSI 20 Short and Leveraged Indices below invoke an adjustment mechanism intended to alleviate the risk of a fall of 100% in the level of the index, as detailed in each index's handbook.

Further information on the PSI 20<sup>®</sup> indices can be found at: <https://indices.nyx.com/>

The ETP Securities are not sponsored, endorsed or promoted by the index sponsor in respect of the PSI 20<sup>®</sup> indices or any other party. Purchasers of the ETP Securities should review the index disclaimer with respect to the PSI 20<sup>®</sup> indices set out in "*Index Disclaimers*" below.

### *PSI 20<sup>®</sup> Triple Leverage Index*

The PSI 20<sup>®</sup> *Triple Leverage* Index aims to replicate the daily performance of the PSI 20<sup>®</sup> index multiplied daily by three and adjusted to reflect certain inherent costs of maintaining the leveraged positions required to achieve that aim.

The adjustments reflected in the index performance include the cost of borrowing additional cash to invest in the underlying securities of the PSI 20<sup>®</sup>. The cost of borrowing comprises the relevant overnight interest rate plus a funding spread term.

The level of the PSI 20<sup>®</sup> Index is calculated on a price return basis such that no ordinary dividends declared by the index constituents are reinvested back into the index.

### *PSI 20<sup>®</sup> Triple Short GR Index*

The PSI 20<sup>®</sup> *Triple Short GR* Index aims to replicate the daily inverse performance of the PSI 20<sup>®</sup> GR multiplied daily by three and adjusted to reflect certain inherent costs and revenues of maintaining the short positions required to achieve that aim.

The adjustments reflected in the index performance include the market cost of stock borrowing to maintain a short exposure and the revenue earned due to the overnight interest rate being received on any cash, collateral and short sale proceeds.

The PSI 20<sup>®</sup> GR Index is a gross total return version of the PSI 20<sup>®</sup> index, such that its level is calculated on the basis that any ordinary gross dividends declared by the index constituents are reinvested back into the index.

### ***Russell 1000<sup>®</sup> and Russell 2000<sup>®</sup> Indices***

The Russell 1000<sup>®</sup> and Russell 2000<sup>®</sup> indices are each a subset of the Russell 3000<sup>®</sup> index.

The Russell 1000<sup>®</sup> Index measures the performance of the large-cap segment of the U.S. equity universe. It includes approximately 1000 of the largest securities in the Russell 3000<sup>®</sup> based on a combination of their market cap and current index membership. The Russell 1000<sup>®</sup> represents approximately 92% of the U.S. market. The Russell 1000<sup>®</sup> Index is constructed to provide a comprehensive and unbiased barometer for the large-cap segment and is completely reconstituted annually to ensure new and growing equities are reflected.

The Russell 2000<sup>®</sup> Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000<sup>®</sup> Index is a subset of the Russell 3000<sup>®</sup> Index representing approximately 10 per cent. of the total market capitalisation of that index. It includes approximately 2000 of the smallest securities in the Russell 3000<sup>®</sup> based on a combination of their market cap and current index membership. The Russell 2000<sup>®</sup> is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

The Russell 1000<sup>®</sup> and Russell 2000<sup>®</sup> indices are calculated in USD.

Further information on the Russell 1000<sup>®</sup> and Russell 2000<sup>®</sup> indices can be found at: <http://www.russell.com/Indexes>.

The ETP Securities are not sponsored, endorsed or promoted by the index sponsor in respect of the Russell 1000<sup>®</sup> or Russell 2000<sup>®</sup> indices or any other party. Purchasers of the ETP Securities should review the index disclaimer with respect to the Russell 1000<sup>®</sup> or Russell 2000<sup>®</sup> indices set out in “*Index Disclaimers*” below.

#### ***Russell 1000<sup>®</sup> Net 30% Total Return USD Index***

The Russell 1000<sup>®</sup> Net 30% Total Return USD is a net total return version of the Russell 1000<sup>®</sup> index. The level of the Russell 1000<sup>®</sup> Net 30% Total Return USD on the basis that any dividends declared by the index constituents are reinvested back into the index net of withholding tax payable in respect thereof.

#### ***Russell 1000<sup>®</sup> Index Total Return Index***

The level of the Russell 1000<sup>®</sup> Total Return Index is a gross total return version of the Russell 1000<sup>®</sup> index.

#### ***Russell 2000<sup>®</sup> Net 30% Return Index***

The Russell 2000<sup>®</sup> Net 30% Return index is a net total return version of the Russell 2000<sup>®</sup> index, and its level is calculated on the basis that any dividends declared by the index constituents are reinvested back into the index net of withholding tax payable in respect thereof.

#### ***Russell 2000<sup>®</sup> Index Total Return Index***

The level of the Russell 2000<sup>®</sup> Total Return Index is a gross total return version of the Russell 2000<sup>®</sup> index.

### ***Russell Europe SMID 300 Indices***

The Russell Europe SMID 300 indices are market capitalization-weighted and contain the 300 most rapidly tradable constituents from the small-and mid-cap (SMID) Developed Europe markets.

The starting universe for the Russell Europe SMID 300 indices is the Developed European securities within the Russell Global Index. The Russell Developed Europe SMID Index constituents are those Developed European companies falling between the 75th and 95th percentile of global market capitalization. These

companies are screened for a minimum required liquidity level and must be traded on a European securities exchange. The top 300 most rapidly tradable companies then comprise the each Russell Europe SMID 300 index. The Russell Europe SMID 300 indices are completely reconstituted annually to accurately reflect changes in those markets.

The Russell Europe SMID 300 Indices are calculated in EUR.

Further information on the Russell Europe SMID 300 Indices can be found at: <http://www.russell.com/Indexes>.

The ETP Securities are not sponsored, endorsed or promoted by the index sponsor in respect of the Russell Europe SMID 300 Indices or any other party. Purchasers of the ETP Securities should review the index disclaimer with respect to the Russell Europe SMID 300 Indices set out in “*Index Disclaimers*” below.

#### *Russell Europe SMID 300 Net Return EUR Index*

The Russell Europe SMID 300 Net Return EUR index is calculated on a net total return basis.

#### *Russell Europe SMID 300 Total Return EUR Index*

The Russell Europe SMID 300 Total Return EUR index is calculated on a gross total return basis.

### **STOXX Europe 600 Sector Indices**

The STOXX Europe 600 Sector Indices are derived from STOXX Europe 600 Index which represents large, mid and small capitalisation companies across 18 countries of the European region: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

Each STOXX Europe 600 Sector index is designed to represent the largest European companies in the relevant supersector, as defined by the Industry Classification Benchmark (ICB). The STOXX Europe 600 Banks index represents the Banks supersector. The STOXX Europe 600 Oil & Gas Index represents the oil & gas supersector. The STOXX Europe 600 Basic Resources Index represents the basic resources sector.

The STOXX Europe 600 Sector indices are calculated in EUR, and each is calculated in net total return and gross total return versions, as is indicated by each index’s name.

On days of extreme movements in the any of the Non-Leveraged STOXX Europe 600 Sector Indices above, the relevant Short and Leveraged Indices below which reference such Non-Leveraged index invoke an adjustment mechanism intended to alleviate the risk of a fall of 100% in the level of each that Leveraged Index, as detailed in that index’s handbook.

Further information on the STOXX Europe 600 Sector indices above and below can be found at <http://www.stoxx.com/indices>.

The ETP Securities are not sponsored, endorsed or promoted by the index sponsor in respect of the STOXX Europe 600 Sector indices or any other party. Purchasers of the ETP Securities should review the index disclaimer with respect to the STOXX Europe 600 Sector indices set out in “*Index Disclaimers*” below.

#### *STOXX Europe 600 Banks Daily Leverage Index*

The STOXX Europe 600 Banks Daily Leverage Index aims to replicate the daily performance of the STOXX Europe 600 Banks Net Return index multiplied daily by two and adjusted to reflect certain inherent costs of maintaining the leveraged positions required to achieve that aim.

The adjustments reflected in the index performance include the cost of borrowing additional cash to invest in the underlying securities of the STOXX Europe 600 Banks Net Return index. The cost of borrowing comprises the relevant overnight interest rate plus a funding spread term.

#### *STOXX Europe 600 Banks Daily Double Short Index*

The STOXX Europe 600 Banks Daily Double Short Index aims to replicate the daily inverse performance of the STOXX Europe 600 Banks Gross Return index multiplied daily by two and adjusted to reflect certain inherent costs and revenues of maintaining the short positions required to achieve that aim.

The adjustments reflected in the index performance include the market cost of stock borrowing to maintain a short exposure and the revenue earned due to the overnight interest rate being received on any cash, collateral and short sale proceeds.

#### *STOXX Europe 600 Banks Daily Triple Leverage Index*

The STOXX Europe 600 Banks Daily Triple Leverage Index aims to replicate the daily performance of the STOXX Europe 600 Banks Net Return index multiplied daily by three and adjusted to reflect certain inherent costs of maintaining the leveraged positions required to achieve that aim.

The adjustments reflected in the index performance include the cost of borrowing additional cash to invest in the underlying securities of the STOXX Europe 600 Banks Net Return index. The cost of borrowing comprises the relevant overnight interest rate plus a funding spread term.

#### *STOXX Europe 600 Banks Daily Triple Short Index*

The STOXX Europe 600 Banks Daily Triple Short Index aims to replicate the daily inverse performance of the STOXX Europe 600 Banks Gross Return index multiplied daily by three and adjusted to reflect certain inherent costs and revenues of maintaining the short positions required to achieve that aim.

The adjustments reflected in the index performance include the market cost of stock borrowing to maintain a short exposure and the revenue earned due to the overnight interest rate being received on any cash, collateral and short sale proceeds.

#### *STOXX Europe 600 Basic Resources Daily Leverage Index*

The STOXX Europe 600 Basic Resources Daily Leverage Index aims to replicate the daily performance of the STOXX Europe 600 Basic Resources Net Return index multiplied daily by two and adjusted to reflect certain inherent costs of maintaining the leveraged positions required to achieve that aim.

The adjustments reflected in the index performance include the cost of borrowing additional cash to invest in the underlying securities of the STOXX Europe 600 Basic Resources Net Return index. The cost of borrowing comprises the relevant overnight interest rate plus a funding spread term.

#### *STOXX Europe 600 Basic Resources Daily Double Short Index*

The STOXX Europe 600 Basic Resources Daily Double Short Index aims to replicate the daily inverse performance of the STOXX Europe 600 Basic Resources Gross Return index multiplied daily by two and adjusted to reflect certain inherent costs and revenues of maintaining the short positions required to achieve that aim.

The adjustments reflected in the index performance include the market cost of stock borrowing to maintain a short exposure and the revenue earned due to the overnight interest rate being received on any cash, collateral and short sale proceeds.

#### *STOXX Europe 600 Basic Resources Daily Triple Leverage Index*

The STOXX Europe 600 Basic Resources Daily Triple Leverage Index aims to replicate the daily performance of the STOXX Europe 600 Basic Resources Net Return index multiplied daily by three and adjusted to reflect certain inherent costs of maintaining the leveraged positions required to achieve that aim.

The adjustments reflected in the index performance include the cost of borrowing additional cash to invest in the underlying securities of the STOXX Europe 600 Basic Resources Net Return index. The cost of borrowing comprises the relevant overnight interest rate plus a funding spread term.

#### *STOXX Europe 600 Basic Resources Daily Triple Short Index*

The STOXX Europe 600 Basic Resources Daily Triple Short Index aims to replicate the daily inverse performance of the STOXX Europe 600 Basic Resources Gross Return index multiplied daily by three and adjusted to reflect certain inherent costs and revenues of maintaining the short positions required to achieve that aim.

The adjustments reflected in the index performance include the market cost of stock borrowing to maintain a short exposure and the revenue earned due to the overnight interest rate being received on any cash, collateral and short sale proceeds.

#### *STOXX Europe 600 Oil & Gas Daily Leverage Index*

The STOXX Europe 600 Oil & Gas Daily Leverage Index aims to replicate the daily performance of the STOXX Europe 600 Oil & Gas Net Return index multiplied daily by two and adjusted to reflect certain inherent costs of maintaining the leveraged positions required to achieve that aim.

The adjustments reflected in the index performance include the cost of borrowing additional cash to invest in the underlying securities of the STOXX Europe 600 Oil & Gas Net Return index. The cost of borrowing comprises the relevant overnight interest rate plus a funding spread term.

#### *STOXX Europe 600 Oil & Gas Daily Double Short Index*

The STOXX Europe 600 Oil & Gas Daily Double Short Index aims to replicate the daily inverse performance of the STOXX Europe 600 Oil & Gas Gross Return index multiplied daily by two and adjusted to reflect certain inherent costs and revenues of maintaining the short positions required to achieve that aim.

The adjustments reflected in the index performance include the market cost of stock borrowing to maintain a short exposure and the revenue earned due to the overnight interest rate being received on any cash, collateral and short sale proceeds.

#### *STOXX Europe 600 Oil & Gas Daily Triple Leverage Index*

The STOXX Europe 600 Oil & Gas Daily Triple Leverage Index aims to replicate the daily performance of the STOXX Europe 600 Oil & Gas Net Return index multiplied daily by three and adjusted to reflect certain inherent costs of maintaining the leveraged positions required to achieve that aim.

The adjustments reflected in the index performance include the cost of borrowing additional cash to invest in the underlying securities of the STOXX Europe 600 Oil & Gas Net Return index. The cost of borrowing comprises the relevant overnight interest rate plus a funding spread term.

#### *STOXX Europe 600 Oil & Gas Daily Triple Short Index*

The STOXX Europe 600 Oil & Gas Daily Triple Short Index aims to replicate the daily inverse performance of the STOXX Europe 600 Oil & Gas Gross Return index multiplied daily by three and adjusted to reflect certain inherent costs and revenues of maintaining the short positions required to achieve that aim.

The adjustments reflected in the index performance include the market cost of stock borrowing to maintain a short exposure and the revenue earned due to the overnight interest rate being received on any cash, collateral and short sale proceeds.

### **Description of Commodity Indices**

The NASDAQ Commodity Index Family is designed to measure the performance of a single commodity or a group of commodities through the use of futures contracts. The Indices have been constructed with the objective to reflect the development of the global commodity markets in a methodical and neutral way and aim to include the largest and most liquid commodity futures.

The NASDAQ Commodity Index Family is focused on liquidity and uses quantitative criteria for selection of the index population. The Index Family are calculated using a fully transparent, rules-based methodology and includes Benchmark, Tradable (a more liquid version based off the Benchmark), Sector and Single Commodity indices.

Each NASDAQ Commodity Index is calculated in five different roll versions, using five different roll strategies. Each NASDAQ Commodity Index is also calculated in both total return and excess return versions.

The Leveraged ETP Securities reference the Front Index Excess Return indices, which are designed to reflect an investment in front-month contracts rolling monthly to the next front-month contract (according to Table A), and to measure excess return performance based solely on the futures price performance and the roll return. Although the relevant Leveraged ETP Securities reference excess return commodity indices,

such Leveraged ETP Securities are based on a total return since the Leveraged ETP Securities are fully collateralised.

The ETP Securities are not sponsored, endorsed or promoted by the index sponsor in respect of any of the indices of the NASDAQ Commodity Index Family or any other party. Purchasers of the ETP Securities should review the index disclaimer with respect to the NASDAQ Commodity Index Family set out in “*Index Disclaimers*” below.

### ***NASDAQ Commodity Benchmark Index (NQCIER)***

The primary index among the index family referenced by the ETP Securities is the NASDAQ Commodity Benchmark Index ER (NQCIER). The NQCIER is designed to provide a broad and representative exposure to the commodity market by measuring the excess-return performance of 33 commodities (listed in Table A). As a broad benchmark, the NQCIER is the index from which all the other indices are derived as sub-indices, which contain only a designated sub-set of the commodities included in the NQCIER.

Details of the index calculation and construction methodology appear in the index handbook which can be found at [https://indexes.nasdaqomx.com/docs/NasdaqCommodity\\_Methodology.pdf](https://indexes.nasdaqomx.com/docs/NasdaqCommodity_Methodology.pdf).

#### *Calculation*

NASDAQ Commodity Indices are calculated each Index Trading Day, which means any day on which the sum of the Target Weights (as defined in the index handbook) across the constituent commodity futures which are scheduled to be open for trading is greater than 80%. Trading calendar information with trading days and holidays for the relevant exchanges on which each Index Commodity is traded is published on the exchanges’ websites.

#### *Composition and weights*

Eligible commodities for inclusion in the NQCIER are futures of physically settled commodities, which may not be on a financial commodity (e.g. equity), must be traded on a regulated US or UK exchange, must be USD denominated and must fulfil minimum liquidity requirements.

The NQCIER is reviewed annually after the last trading day of November (“the cut-off date”) to allow for continued and correct representation of the global commodity markets. Following the review, the index is rebalanced in January. The rebalancing is done such that for each commodity, weights are set to the combination of 2/3 the commodity’s weight according to its average outstanding notional market value relative to all constituent commodities and 1/3 its weight according to its average daily dollar trading volume relative to all constituent commodities, with both averages calculated over the 12 months ending at the cut-off date.

The January rebalancing is done in combination with rolling of the index over the first five Index Trading Days, such that each commodity is gradually rebalanced and rolled from close of the first to close of the fifth Index Trading Days that month. Should a market disruption occur for a relevant commodity futures contract during the rebalancing, then that roll day and all of the remaining roll days for that commodity in January will be shifted forwards such that the remaining roll days occur one Index Trading Day later than they were previously scheduled.

#### *Roll methodology*

Every commodity future series consists of a number of listed contracts based on specific calendar months. Due to the regular expiration of the underlying commodity futures contracts, a monthly rolling method is employed whereby, for every commodity, its weight in the index rolls over from the currently held futures contract to a futures contract with a farther expiry date. To be eligible for inclusion in the NQCIER, a contract must be considered liquid enough and tradable during designated roll periods. The NQCIER is designed to reflect an investment in front-month contracts, i.e. an investment in the eligible contract that has an expiration date closest to the current date. The NQCIER therefore rolls the front contract to the next front contract on a monthly basis unless the relevant commodity does not have monthly contracts, whereby the relevant commodity will roll less frequently. The exact roll schedule which sets out the contract being rolled into each month is specified in Table A.

The NQCIER roll procedure occurs over five index trading days, from close of the first to close of the fifth index trading day of each month from February to December. Should a market disruption occur for a relevant commodity futures contract during the roll period, the rolling of the disrupted contract will be

postponed to the next index trading day which is not disrupted for that contract, such that the roll performed on the following non-disrupted day will combine the roll scheduled to occur over that day plus the roll(s) that were scheduled to occur over any immediately preceding disrupted days.

The NQCI is calculated using five different roll versions. All five versions originate from the base roll schedule, which is the Front Index roll schedule. The Front Index, to which the ETP Securities are referenced, rolls the front contract to next front contract on a monthly basis unless the relevant commodity does not have monthly contracts, whereby the relevant commodity will roll less frequently as specified in Table A.

*Table A – Roll Schedule and Classification of Eligible Commodity Contracts*

The contracts listed in the roll schedule refer to the contract that the index is being rolled into that month. If the contract specified in a particular month is the same as the previous month, then no roll will occur that month for that commodity.

**Contracts Roll Schedule**

Classification		Commodity	Exch Code	Exchange	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Energy	Petroleum	Brent Crude	CB	ICE	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	
		Heating Oil	HO	NYMEX	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	
		Crude Oil	CL	NYMEX	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	
		Gasoline	RB	NYMEX	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	
		Natural Gas	NG	NYMEX	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	
	Gas Oil	GO	ICE	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb		
Metals	Industrial Metals	Zinc	ZN	LME	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
		Copper	CU	LME	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
		Aluminium	AL	LME	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
		Lead	PB	LME	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
		Nickel	NI	LME	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
		Tin	SN	LME	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	
		HG Copper	HG	COMEX	Mar	Mar	May	May	Jul	Jul	Sep	Sep	Dec	Dec	Dec	Mar	
	Precious Metals	Platinum	PL	NYMEX	Apr	Apr	Apr	Jul	Jul	Jul	Oct	Oct	Oct	Jan	Jan	Jan	
		Palladium	PA	NYMEX	Mar	Mar	Jun	Jun	Jun	Sep	Sep	Sep	Dec	Dec	Dec	Mar	
		Silver	SI	COMEX	Mar	May	May	Jul	Jul	Sep	Sep	Dec	Dec	Dec	Mar	Mar	
	Gold	GC	COMEX	Apr	Apr	Jun	Jun	Aug	Aug	Dec	Dec	Dec	Dec	Feb	Feb		
Diversified Agriculture	Grains	Wheat	W	CBOT	Mar	May	May	Jul	Jul	Sep	Sep	Dec	Dec	Dec	Mar	Mar	
		Corn	C	CBOT	Mar	May	May	Jul	Jul	Sep	Sep	Dec	Dec	Dec	Mar	Mar	
		Soybean	S	CBOT	Mar	May	May	Jul	Jul	Aug	Sep	Nov	Nov	Jan	Jan	Mar	
		Soybean Meal	SM	CBOT	Mar	May	May	Jul	Jul	Aug	Sep	Dec	Dec	Dec	Jan	Mar	
		Soybean Oil	BO	CBOT	Mar	May	May	Jul	Jul	Aug	Sep	Dec	Dec	Dec	Jan	Mar	
		Winter Wheat	KW	KCBOT	Mar	May	May	Jul	Jul	Sep	Sep	Dec	Dec	Dec	Mar	Mar	
		Spring Wheat	MW	MGE	Mar	May	May	Jul	Jul	Sep	Sep	Dec	Dec	Dec	Mar	Mar	
		Softs	Cotton	CT	NYBOT	Mar	May	May	Jul	Jul	Dec	Dec	Dec	Dec	Dec	Mar	Mar
	Sugar		SB	NYBOT	Mar	May	May	Jul	Jul	Oct	Oct	Mar	Mar	Mar	Mar	Mar	
	Cocoa		CC	NYBOT	Mar	May	May	Jul	Jul	Sep	Sep	Dec	Dec	Dec	Mar	Mar	
	Coffee		KC	NYBOT	Mar	May	May	Jul	Jul	Sep	Sep	Dec	Dec	Dec	Mar	Mar	
	Robusta Coffee		SW	LIFFE	Mar	May	May	Jul	Jul	Sep	Sep	Nov	Nov	Jan	Jan	Mar	
	White Sugar		RM	LIFFE	Mar	May	May	Aug	Aug	Aug	Oct	Oct	Dec	Dec	Mar	Mar	
	Livestock		Lean Hogs	LH	CME	Apr	Apr	Jun	Jun	Jul	Aug	Oct	Oct	Dec	Dec	Feb	Feb
			Live Cattle	LC	CME	Apr	Apr	Jun	Jun	Aug	Aug	Oct	Oct	Dec	Dec	Feb	Feb
			Feeder Cattle	FC	CME	Mar	Apr	May	Aug	Aug	Aug	Sep	Oct	Nov	Jan	Jan	Mar

**Sub-Indices of the NASDAQ Commodity Benchmark Index ER**

The following commodity indices are sub-indices of the NQCIER. They are calculated and constructed using the same methodology as the NQCIER index, except that they include only a sub-set of the commodities included in the broader NQCIER. As sub-indices following the same methodology they therefore all invest in the front-month contract for each included commodity, which is rolled over to the next eligible contract on index roll periods according to the roll schedule in Table A. Likewise, as sub-indices of NQCIER, they are all excess-return indices that are based solely on the futures price performance and the roll return.

**The NASDAQ Commodity Tradable Index (NQCITER)**

The NASDAQ Commodity Tradable Index ER is a sub-index of the NASDAQ Commodity Benchmark Index (NQCIER) which has stricter size and liquidity constraints imposed on commodity eligibility than in the broader NQCIER. The NQCITER only includes the largest and most liquid commodity futures out of those included in the broader NQCIER, and therefore provides a broad exposure to the commodity market with improved trading characteristics.

***The NASDAQ Commodity Energy Index ER (NQCIENER)***

The NASDAQ Commodity Energy Index ER is a sub-index of the NASDAQ Commodity Benchmark Index (NQCIER) which includes only those commodities classified as Energy in Table A.

***The NASDAQ Commodity Petroleum Index ER (NQCIPEER)***

The NASDAQ Commodity Petroleum Index ER is a sub-index of the NASDAQ Commodity Benchmark Index (NQCIER) which includes only those commodities classified as Petroleum in Table A.

***The NASDAQ Commodity Industrial Metals Index ER (NQCIIMER)***

The NASDAQ Commodity Industrial Metals Index ER is a sub-index of the NASDAQ Commodity Benchmark Index (NQCIER) which includes only those commodities classified as Industrial Metals in Table A.

***The NASDAQ Commodity Precious Metals Index ER (NQCIPIMER)***

The NASDAQ Commodity Precious Metals Index ER is a sub-index of the NASDAQ Commodity Benchmark Index (NQCIER) which includes only those commodities classified as Precious Metals in Table A.

***The NASDAQ Commodity Metals Index ER (NQCIIMEER)***

The NASDAQ Commodity Metals Index ER is a sub-index of the NASDAQ Commodity Benchmark Index (NQCIER) which includes only those commodities classified as Metal in Table A.

***The NASDAQ Commodity Brent Crude Oil Index ER (NQCICBER)***

The NASDAQ Commodity Brent Crude Oil Index ER is a sub-index of the NASDAQ Commodity Benchmark Index (NQCIER) which includes only Brent Crude Oil commodity contracts.

***The NASDAQ Commodity Crude Oil Index ER (NQCICLER)***

The NASDAQ Commodity Crude Oil Index ER is a sub-index of the NASDAQ Commodity Benchmark Index (NQCIER) which includes only Crude Oil commodity contracts.

***The NASDAQ Commodity Natural Gas Index ER (NQCINGER)***

The NASDAQ Commodity Natural Gas Index ER is a sub-index of the NASDAQ Commodity Benchmark Index (NQCIER) which includes only Natural Gas commodity contracts.

***The NASDAQ Commodity Copper Index ER (NQCICUER)***

The NASDAQ Commodity Copper Index ER is a sub-index of the NASDAQ Commodity Benchmark Index (NQCIER) which includes only Copper (LME) commodity contracts.

***The NASDAQ Commodity HG Copper Index ER (NQCIHGER)***

The NASDAQ Commodity HG Copper Index ER is a sub-index of the NASDAQ Commodity Benchmark Index (NQCIER) which includes only HG Copper (COMEX) commodity contracts.

***The NASDAQ Commodity Nickel Index ER (NQCINIER)***

The NASDAQ Commodity Nickel Index ER is a sub-index of the NASDAQ Commodity Benchmark Index (NQCIER) which includes only Nickel commodity contracts.

***The NASDAQ Commodity Gold Index ER (NQCIGCER)***

The NASDAQ Commodity Gold Index ER is a sub-index of the NASDAQ Commodity Benchmark Index (NQCIER) which includes only Gold commodity contracts.

***The NASDAQ Commodity Silver Index ER (NQCISIER)***

The NASDAQ Commodity Silver Index ER is a sub-index of the NASDAQ Commodity Benchmark Index (NQCIER) which includes only Silver commodity contracts.

***The NASDAQ Commodity Aluminium Index ER (NQCIALER)***

The NASDAQ Commodity Aluminium Index ER is a sub-index of the NASDAQ Commodity Benchmark Index (NQCIER) which includes only Aluminium commodity contracts.

***The NASDAQ Commodity Palladium Index ER (NQCIPAER)***

The NASDAQ Commodity Palladium Index ER is a sub-index of the NASDAQ Commodity Benchmark Index (NQCIER) which includes only Palladium commodity contracts.

***The NASDAQ Commodity Platinum Index ER (NQCIPLER)***

The NASDAQ Commodity Platinum Index ER is a sub-index of the NASDAQ Commodity Benchmark Index (NQCIER) which includes only Platinum commodity contracts.

***The NASDAQ Commodity Gas Oil Index ER (NQCIGOER)***

The NASDAQ Commodity Gas Oil Index ER is a sub-index of the NASDAQ Commodity Benchmark Index (NQCIER) which includes only Gas Oil commodity contracts.

***The NASDAQ Commodity Heating Oil Index ER (NQCISOER)***

The NASDAQ Commodity Heating Oil Index ER is a sub-index of the NASDAQ Commodity Benchmark Index (NQCIER) which includes only Heating Oil commodity contracts.

***The NASDAQ Commodity Gasoline Index ER (NQCIRBER)***

The NASDAQ Commodity Gasoline Index ER is a sub-index of the NASDAQ Commodity Benchmark Index (NQCIER) which includes only Gasoline commodity contracts.

***The NASDAQ Commodity Lead Index ER (NQCIPBER)***

The NASDAQ Commodity Lead Index ER is a sub-index of the NASDAQ Commodity Benchmark Index (NQCIER) which includes only Lead commodity contracts.

***The NASDAQ Commodity Tin Index ER (NQCISNER)***

The NASDAQ Commodity Tin Index ER is a sub-index of the NASDAQ Commodity Benchmark Index (NQCIER) which includes only Tin commodity contracts.

***The NASDAQ Commodity Zinc Index ER (NQCIZNER)***

The NASDAQ Commodity Zinc Index ER is a sub-index of the NASDAQ Commodity Benchmark Index (NQCIER) which includes only Zinc commodity contracts.

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## **SUPPLEMENTS**

The Issuer shall prepare a supplement (each a “**Supplement**”) to this Base Prospectus or publish a new base prospectus whenever required by the guidelines of any stock exchange on which ETP Securities are listed or, pursuant to Regulation 51 of the Prospectus (Directive 2003/71/EC) Regulations 2005 if there is a significant change affecting any matter contained in this Base Prospectus or a significant new matter arises, the inclusion of information in respect of which would have been so required if it had arisen when this Base Prospectus was prepared and/or pursuant to Article 16 of the Prospectus Directive.

## **PURPOSE OF FINAL TERMS**

In this section the expression “necessary information” means, in relation to any Tranche of ETP Securities of any Class, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the ETP Securities. In relation to any ETP Securities which may be issued under the Programme, the Issuer has endeavoured to include in this Base Prospectus all of the necessary information except for information relating to such ETP Securities which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of ETP Securities.

Any information relating to any ETP Securities which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of ETP Securities will be contained in the relevant Final Terms.

In respect of each Tranche of ETP Securities, the related Final Terms will, for the purposes of that Tranche only, must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of ETP Securities are the Conditions as completed by the related Final Terms.

## TERMS AND CONDITIONS OF THE ETP SECURITIES

*The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented, modified or varied in accordance with the provisions of the Final Terms relating to a particular Class or Tranche of ETP Securities, will be applicable to the ETP Securities of such Class or Tranche and which will be attached to or endorsed on such ETP Securities in definitive form (or, in the case of Registered Securities, on the Individual Certificates relating to such Registered Securities). Unless the context requires otherwise, references in these terms and conditions to “ETP Securities” are to the ETP Securities of one Class only, not to all ETP Securities which may be issued under the Programme from time to time.*

The ETP Securities are issued under the Collateralised ETP Securities Programme of the Issuer (the “**Programme**”). In respect of a Class of ETP Securities, the ETP Securities of such Class will be constituted by (i) a supplemental trust deed dated the Issue Date of the first Tranche of ETP Securities of such Class and made between, among others, the Issuer and The Law Debenture Trust Corporation p.l.c. (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed (as defined below)), as trustee for the holders of the ETP Securities and the other persons specified therein (as amended, supplemented, novated and/or replaced from time to time, the “**Supplemental Trust Deed**”; and (ii) a master trust deed dated on or about the Programme Effective Date and made between, among others, the Issuer and the Trustee (as amended, supplemented, novated and/or replaced from time to time, the “**Master Trust Deed**”). The Master Trust Deed and the Supplemental Trust Deed in respect of each Class of ETP Securities are referred to together as the “**Trust Deed**”. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed.

In connection with the ETP Securities, the Issuer has entered into one or more index-linked swap transactions (each, a “**Swap Transaction**”) with one or more Swap Providers (as defined below), in each case under the swap agreement entered into by the Issuer and such Swap Provider in the form of an ISDA 2002 Master Agreement as published by the International Swaps and Derivatives Association, Inc. (the “**ISDA 2002 Master Agreement**”) together with a Schedule thereto and Credit Support Document (as defined below) (each, as amended and/or supplemented from time to time, and together with each confirmation of a Swap Transaction entered into thereunder, a “**Swap Agreement**”). Under each Swap Transaction, the relevant Swap Provider will make certain payments to the Issuer which the Issuer will use to fund amounts due on or in respect of the ETP Securities (if any).

The obligations of the Issuer under the ETP Securities of a particular Class are secured by the Trust Deed in respect of such Class. In addition, the obligations of the Issuer under each Class of ETP Securities in relation to which a Swap Transaction has been entered into with the same Swap Provider under the same Swap Agreement are secured by a security deed in respect of the assets comprising the Swap Provider Collateral Pool (as defined below) that relates to the Swap Agreement with that Swap Provider between, among others, the Issuer, The Law Debenture Trust Corporation p.l.c. acting in the capacity of security trustee (the “**Security Trustee**”, which expression shall include all persons for the time being the security trustee or security trustees under the applicable Collateral Pool Security Deed (as defined below) and the relevant Swap Provider (each, as amended, supplemented, novated and/or replaced from time to time, a “**Collateral Pool Security Deed**”).

An agency agreement dated on or about the Programme Effective Date (as amended, supplemented novated and/or replaced from time to time, the “**Agency Agreement**”) has been entered into in relation to the ETP Securities between the Issuer, the Trustee, the Manager, Capita International Financial Services (Ireland) Limited as initial issuing and paying agent and Capita IRG Trustees Limited as Registrar.

The Issuer, the Security Trustee, each Swap Provider and The Bank of New York Mellon (the “**Collateral Administrator**”) will enter into a collateral administration agreement (each, as amended, supplemented, novated and/or replaced from time to time, a “**Collateral Administration Agreement**”) for the administration of the assets comprising the Swap Provider Collateral Pool in respect of that Swap Provider.

An operating procedures agreement dated on or about the Programme Effective Date (as amended, supplemented, novated and/or replaced from time to time, the “**Operating Procedures Agreement**”) has been entered into in relation to the Programme between, among others, the Issuer, the Initial Swap Provider (as defined below) and the Initial Authorised Participant (as defined below). Copies of the Master Trust Deed, the Supplemental Trust Deed, each Collateral Pool Security Deed, the Swap Agreement with the Initial Swap Provider, the Agency Agreement, the Collateral Administration Agreement, the Operating Procedures Agreement, the Authorised Participant Agreement (as defined below) with the Initial Authorised Participant and the Master Definitions Schedule (as defined below) are available for inspection during usual business hours at the registered office of the Trustee and at the registered office of the Issuer.

The ETP Securityholders are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Swap Agreement, each Collateral Pool Security Deed, the Agency Agreement, each Collateral Administration Agreement, the Operating Procedures Agreement, the Master Definitions Schedule (as defined below) and each of the other Programme Documents (as defined below) which are applicable to them and to have notice of each set of Final Terms (as defined below) issued in respect of a Class or Tranche of ETP Securities held by such ETP Securityholders.

The terms and conditions of a Class of ETP Securities will be the conditions set out below as completed by the Final Terms applicable thereto (as defined below) which may specify other terms and conditions which will, to the extent so specified or to the extent inconsistent with these terms and conditions, replace and/or modify these terms and conditions for the purposes of the ETP Securities. References herein to the “**Conditions**” of the ETP Securities are to these terms and conditions as so replaced and/or modified by the Final Terms applicable to the ETP Securities.

## 1. **Definitions**

### 1.1 **Definitions**

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

“**Additional Authorised Participant**” means any Eligible Authorised Participant (other than the Initial Authorised Participant) that has entered into an Authorised Participant Agreement with the Issuer and has acceded to the Operating Procedures Agreement.

“**Additional Swap Provider**” means any Eligible Swap Provider, other than the Initial Swap Provider, that has entered into a Swap Provider Agreement with the Issuer and has acceded to the Operating Procedures Agreement.

“**Adjustment Event**” has the meaning given to it in Condition 10.3.

“**Affiliate**” means, in relation to any person or entity, any other person or entity controlled, directly or indirectly, by the person or entity, any other person or entity that controls, directly or indirectly, the person or entity or any other person or entity directly or indirectly under common control with the person or entity. For these purposes, “**control**” of any entity or person means the power, directly or indirectly, either to (a) vote 10 per cent. or more of the securities having ordinary voting power for the election of directors of the relevant person or entity or (b) direct or cause the direction of the management and policies of such person or entity whether by contract or otherwise.

“**Agents**” means the Determination Agent, the Issuing and Paying Agent, the Collateral Administrator, the Paying Agent(s), the Registrar any Transfer Agent and any Liquidation Agent or any of them and such other agent(s) as may be appointed from time to time in relation to the ETP Securities under the Agency Agreement, any Collateral Administration Agreement, the Determination Agency Agreement or any other agreement with the Issuer under which such agent is appointed from time to time in relation to the ETP Securities, as applicable, and any successor or replacement and “**Agent**” means any of them.

“**Agreed Pricing**” means the method prescribed under Condition 8.4 by which a Swap Provider and an Authorised Participant may request a redemption of any ETP Security by submission of a valid Agreed Redemption Order to the Issuer.

“**Agreed Redemption Order**” means a notice in the form prescribed from time to time by the Issuer requesting redemption of ETP Securities using Agreed Pricing.

“**Applicable Product Annex**” means Annex A, in the case of Equity Securities, and Annex B, in the case of Commodity Securities.

“**Authorised Participant**” means the Initial Authorised Participant and any Additional Authorised Participant.

“**Authorised Participant Agreement**” means, in respect of an Authorised Participant, the authorised participant agreement (as amended, supplemented, novated and/or replaced from time to time) entered into by the Issuer and such Authorised Participant.

“**Bearer Securities**” has the meaning given to it in Condition 2.

**“Benchmark Index”** means the underlying, unleveraged Index to which any Class of ETP Securities may be referenced, or from which any Leveraged Index referenced by a Class of ETP Securities is derived

**“Central Bank”** means the Central Bank of Ireland in its capacity as the competent authority in Ireland under the Prospectus Directive.

**“CGN”** means a Global Bearer Security in classic global note form.

**“Class”** means all ETP Securities having the same ISIN or other similar identifier, including the Initial Tranche and any Further Tranche.

**“Class Issue Date”** means the date of issuance of the Initial Tranche of a Class of ETP Securities, as specified in the relevant Final Terms.

**“Class Secured Creditor”** means the Trustee and the holders of the ETP Securities.

**“Class Secured Obligations”** means all present and future obligations of the Issuer to the Class Secured Creditors under the Trust Deed and each ETP Security.

**“Class Secured Property”** means the assets that are the subject of the security constituted by the Trust Deed and any other Security Document.

**“Clearstream, Frankfurt”** means Clearstream Banking AG, Frankfurt and any successor thereto.

**“Clearstream, Luxembourg”** means Clearstream Banking, société anonyme, Luxembourg and any successor thereto.

**“Collateral Administrator”** means The Bank of New York Mellon and any successor or replacement thereto or any other entity appointed as collateral administrator in accordance with the terms of the relevant Collateral Administration Agreement.

**“Collateral Administrator Suspension Day”** means a day on which any failure by the Collateral Administrator to transfer Eligible Collateral between the Issuer and a Swap Provider when due in accordance with the terms of the relevant Collateral Administration Agreement has occurred and is continuing.

**“Collateral Pool Document”** means, in respect of a Swap Provider and the related Swap Provider Collateral Pool, the Swap Provider Agreement, any guarantee of a Swap Provider’s obligations under a Swap Agreement, the Swap Agreement (including each Credit Support Document in respect of the Swap Agreement), the Collateral Pool Security Deed and the Collateral Administration Agreement and any agreement pursuant to which a Liquidation Agent is appointed, in each case entered into by the Issuer in respect of such Swap Provider and the related Swap Provider Collateral Pool and **“Collateral Pool Documents”** means all such documents.

**“Collateral Pool Secured Creditor”** means, in respect of each Collateral Pool Security Deed, the Security Trustee, the ETP Securityholders of the Connected Classes and the relevant Swap Provider.

**“Collateral Pool Secured Obligations”** means, in respect of each Collateral Pool Security Deed, all present and future obligations of the Issuer owed to the Collateral Pool Secured Creditors under such Collateral Pool Security Deed, the ETP Securities and the relevant Collateral Pool Documents.

**“Collateral Pool Secured Property”** means the assets that are subject to the security created by the Collateral Pool Security Deed.

**“Commodity Securities”** means any ETP Securities specified as such in the applicable Final Terms.

**“Common Safekeeper”** means, in relation to a Class of ETP Securities issued in NGN or NSS form, the common safekeeper for Euroclear or Clearstream, Luxembourg appointed in respect of such Class.

**“Compulsory Redemption”** means a redemption of ETP Securities in accordance with Condition 8.8.

**“Compulsory Redemption Amount”** means an amount per ETP Security calculated by the Determination Agent equal to the greater of:

- (A) the Principal Amount of such ETP Security; and
- (B) such ETP Security’s pro rata portion of the amount(s) payable by the Swap Provider(s) to the Issuer pursuant to the applicable Swap Transactions upon termination of such Swap Transactions in connection with the compulsory redemption of such ETP Security.

**“Compulsory Redemption Date”** means, in respect of a Compulsory Redemption Event, the date designated as such in accordance with Condition 8.8.

**“Compulsory Redemption Event”** has the meaning given to it in Condition 8.8.

**“Compulsory Redemption Settlement Date”** means, in respect of a Compulsory Redemption Event, the day that falls three Currency Business Days after the day on which the Issuer has received payment in full from each relevant Swap Provider of the amounts payable in respect of the termination of each Swap Transaction.

**“Connected Class”** means each Class of ETP Securities in connection with which a Swap Transaction has been entered into by the Issuer with a Swap Provider under the same Swap Agreement and the obligations of the Issuer under such Class have been secured pursuant to the same Collateral Pool Security Deed.

**“Connected Class Acceleration Notice”** has the meaning given to it in Condition 13.2.

**“Connected Classes Extraordinary Resolution”** means in relation to Connected Classes of ETP Securities, a resolution passed at a meeting duly convened and held in accordance with schedule 7 of the Master Trust Deed by a majority of at least 75 per cent. of the votes cast, provided that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the aggregate principal amount of the ETP Securities of such Connected Classes taken together who for the time being are entitled to receive notice of a meeting held in accordance with the Master Trust Deed shall, for all purposes, be as valid and effectual as a Connected Classes Extraordinary Resolution passed at a meeting of such ETP Securityholders duly convened and held in accordance with the relevant provisions of the Master Trust Deed.

**“Corporate Administrator”** means, in respect of the Issuer, Capita International Financial Services (Ireland) Limited and any successor or replacement.

**“Credit Support Document”** means, in respect of a Swap Agreement entered into between the Issuer and a Swap Provider, a 1995 ISDA Credit Support Annex (Transfer – English Law), as published by the International Swaps and Derivatives Association, Inc. (if any) or such other credit support document as may be entered into between the Issuer and such Swap Provider (in each case as amended, supplemented, novated and/or replaced from time to time).

**“CREST”** means the system for the paperless settlement of trades and the holding of uncertificated securities operated by EUI in accordance with the Uncertificated Regulations, as amended from time to time.

**“Currency Business Day”**, in respect of a Class of ETP Securities, has the meaning given to it in the Applicable Product Annex.

**“Daily Redemption Amount”** means, in respect of each Redemption Pricing Date, an amount equal to the product of (i) the Redemption Number and (ii) the Price per ETP Security as at such Redemption Pricing Date.

**“Definitive Securities”** means Bearer Securities in definitive form and includes any replacement ETP Security issued pursuant to these Conditions.

**“Denomination”** means, in respect of an ETP Security, an amount equal to its Principal Amount.

**“Determination Agent”** means Boost ETP LLP and any successor or replacement thereto or any other entity appointed as determination agent in accordance with the terms of the Determination Agency Agreement.

**“Determination Agency Agreement”** means the determination agency agreement (as amended, supplemented, novated and/or replaced from time to time) dated on or about the Programme Effective Date entered into by the Issuer, the Determination Agent, the Trustee and the Manager.

**“Determination Agent Breach”** has the meaning given to it in Condition 11.6(B).

**“Disrupted Day”**, in respect of a Class of ETP Securities, has the meaning given to it in the Applicable Product Annex.

**“Disruption Event”**, in respect of a Class of ETP Securities, means any event that causes a Valuation Date in respect of that Class to be a Disrupted Day.

**“Division Fraction”** has the meaning given to it in Condition 17.2(C).

**“Early Redemption Pricing Date”** means, in respect of a Class of ETP Securities, the date of delivery by the Trustee of an Event of Default Redemption Notice or a Connected Class Acceleration Notice relating to that Class.

**“EEA”** means the European Economic Area.

**“Eligible Authorised Participant”** means any bank or financial institution (which for these purposes shall include any leading dealer or broker in the assets of the type referenced by the ETP Securities) incorporated, domiciled and regulated in the EEA that meets the requirements of the Operating Manual.

**“Eligible Collateral”** means, in respect of any Swap Agreement, securities and/or cash specified as “Eligible Credit Support” in the relevant Credit Support Document relating to such Swap Agreement, as may be amended and/or supplemented from time to time.

**“Eligible Swap Provider”** means any bank or financial institution (which for these purposes shall include any leading dealer or broker in instruments similar to the ETP Securities) incorporated, domiciled and regulated in the EEA which is rated, or whose obligations are guaranteed by an entity which is rated, at least the Eligible Swap Provider Threshold Rating.

**“Eligible Swap Provider Threshold Rating”** means a long-term credit rating of BBB by S&P and/or Baa2 by Moody’s and/or BBB by Fitch.

**“Equity Securities”** means any ETP Securities specified as such in the applicable Final Terms.

**“ETP Securities”** means the Class of ETP Securities to which these Conditions relates or, as the context may require, any or all securities issued by the Issuer under the Programme.

**“ETP Security Type”** means Equity Securities or Commodity Securities, as specified in the Final Terms.

**“ETP Securityholder”** and **“holder”** mean the bearer of any Bearer Security or the person in whose name a Registered Security or an Uncertificated Registered Security is registered (as the case may be).

**“EUI”** means Euroclear UK & Ireland Limited (formerly known as CRESTCO Limited) incorporated in England and Wales under number 2878738.

**“Euroclear”** means Euroclear Bank S.A./N.V. and any successor thereto.

**“Event of Default”** has the meaning given to it in Condition 13.1.

**“Event of Default Redemption Notice”** has the meaning given to it in Condition 13.1.

**“Exchange Date”** has the meaning given to it in Condition 3.1.

**“Exchangeable Bearer Securities”** has the meaning given to it in Condition 2.

**“Existing Class”** has the meaning given to it in Condition 17.2(B).

**“Extended Swap Term”** has the meaning given to it in Condition 9.3.

**“Extraordinary Resolution”** means a resolution passed at a meeting duly convened and held in accordance with schedule 7 of the Master Trust Deed by a majority of at least 75 per cent. of the votes cast, provided that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the aggregate number of the ETP Securities who for the time being are entitled to receive notice of a meeting held in accordance with the Master Trust Deed shall, for all purposes, be as valid and effectual as an Extraordinary Resolution passed at a meeting of such ETP Securityholders duly convened and held in accordance with the relevant provisions of the Master Trust Deed.

**“Final Redemption Date”** means 30 November 2062.

**“Final Redemption Settlement Date”** means the day that falls three Currency Business Days after the final day of the relevant Redemption Unwind Period in respect of the Final Redemption Date.

**“Final Terms”** means the final terms specifying the relevant issue details of the ETP Securities.

**“Fitch”** means Fitch Ratings Limited and any successor thereto.

**“Further Tranche”** means any Tranche of a Class of ETP Securities issued after the Class Issue Date in accordance with Condition 17.

**“Further Tranche Issue Date”** means the date of issuance of any Further Tranche of a Class of ETP Securities.

**“Global Bearer Security”** means the ETP Securities in bearer form represented by a global security.

**“Global Registered Certificate”** means a global certificate representing ETP Securities in registered form.

**“Global Security”** means a Global Bearer Security or a Global Registered Certificate.

**“Guarantee”** means the guarantee dated 30 November 2012 from BNP Paribas S.A. for the benefit for the time being of the Issuer in respect of the obligations of the Initial Swap Provider under the relevant Swap Agreement;

**“Hedging Disruption Event”** has the meaning given to it in the Applicable Product Annex.

**“Index”** means the Index specified for the ETP Securities in the Final Terms, or any Successor Index.

**“Index Business Day”** means, in respect of an Index, any day on which the Index Sponsor in respect of such Index is scheduled to publish the level of the Index.

**“Index Leverage Factor”**, in respect of an Index, means the leverage factor applied in calculating the Index Price of that Index.

**“Index Manual”** means, in respect of an Index, the document which sets out the methodology used by the Index Sponsor for the calculation and publication of such Index.

**“Index Price”**, in respect of an Index on any Valuation Date, has the meaning given to it in the Applicable Product Annex.

**“Index Pricing”** means the method prescribed under Condition 8.3 by which an ETP Securityholder (who may be an Authorised Participant) may request a redemption of any ETP Security by submission of a valid Index Redemption Order to the Issuer.

**“Index Redemption Order”** means a notice in the form prescribed from time to time by the Issuer for requesting redemption of ETP Securities using Index Pricing.

**“Index Sponsor”** has the meaning given to it in the Applicable Product Annex.

**“Index Unit”** has the meaning given to it in the relevant Swap Agreement.

**“Individual Certificate”** means, in respect of Registered Securities, a definitive certificate in registered form representing such Registered Securities.

**“Initial Authorised Participant”** means BNP Paribas Arbitrage S.N.C. and any successor thereto;

**“Initial Early Redemption Event”** has the meaning given to it in Condition 8.8.

**“Initial Swap Provider”** means BNP Paribas Arbitrage S.N.C. and any successor thereto.

**“Initial Swap Term”** has the meaning given to it in Condition 9.3.

**“Initial Tranche”** means the first Tranche of a Class of ETP Securities issued.

**“Issue Date”** means the date of issuance of the relevant Tranche as specified in the Final Terms relating to such Tranche.

**“Issue Price”** means, in respect of a Tranche of ETP Securities, the amount per ETP Security specified in the Final Terms.

**“Issuer”** means Boost Issuer Public Limited Company, a public limited liability company incorporated under the laws of Ireland with registration number 515981.

**“Issuer Administration Agreement”** means the administration agreement dated on or about 30 November 2012 entered into by the Issuer, the Manager and the Corporate Administrator as amended, supplemented, novated or replaced from time to time.

**“Issuer Call Redemption Notice”** has the meaning given to it in Condition 8.7.

**“Issuer Cash Account”** means each segregated cash account established by the Issuer with the Collateral Administrator in order to hold Eligible Collateral delivered to the Issuer by a Swap Provider pursuant to a Credit Support Document.

**“Issuer Redemption Notice”** has the meaning given to it in Condition 8.8(E).

**“Issuer’s Website”** means the website having the following internet address: <http://www.boostetp.com> or such other internet address as may be used by the Issuer and notified to ETP Securityholders and the Trustee in accordance with Condition 18.

**“Issuing and Paying Agent”** means Capita International Financial Services (Ireland) Limited and any successor or replacement thereto or any other entity appointed as issuing and paying agent pursuant to the Agency Agreement.

**“Leveraged Index”** means an Index with an Index Leverage Factor (as specified in the Applicable Product Annex) other than +1.

**“Liquidation Agent”** means any entity appointed to act as liquidation agent pursuant to Condition 6.5(B) and the relevant Collateral Pool Security Deed.

**“London Business Day”** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London.

**“Loss”** means any loss, liability, cost, claim, damages, expense (including, but not limited to, legal costs and expenses) or demand (or actions in respect thereof), judgment, interest on any judgment, assessment, fees or amounts paid in settlement of any action or claim.

**“Manager”** means Boost Management Limited, a private limited company incorporated in Jersey with registered number 111057, or any successor thereto.

**“Master Definitions Schedule”** means the schedule of definitions relating to the Programme dated on or about the Programme Effective Date (as amended, supplemented and/or replaced from time to time).

**“Maximum Daily Termination Limit”** means, in respect of a Swap Transaction relating to a Class of ETP Securities, a maximum limit (if applicable) on the decrease of the number of Index Units in

respect of such Swap Transaction on any Optional Redemption Pricing Date, as may be amended by the relevant Swap Provider from time to time in accordance with the terms of the relevant Swap Provider Agreement and the Operating Procedures Agreement.

**“Maximum Daily Termination Payment”** means, in respect of a Swap Provider, a maximum limit (if applicable) on the amount payable by that Swap Provider on any Currency Business Day in respect of the termination of one or more Swap Transactions entered into between the Issuer and such Swap Provider relating to the ETP Securities or any Connected Class as a consequence of (i) the final redemption of the ETP Securities pursuant to Condition 8.1; (ii) the exercise by the Issuer of its redemption option pursuant to Condition 8.7; or (iii) the compulsory redemption of the ETP Securities pursuant to Condition 8.8, as may be amended by the relevant Swap Provider from time to time in accordance with the terms of the relevant Swap Provider Agreement.

**“Moody’s”** means Moody’s Investors Service Ltd. and any successor thereto.

**“Multiple Swap Provider Class”** means a Class of ETP Securities in respect of which the Issuer has entered into more than one Swap Transaction with more than one Swap Provider and the obligations of the Issuer under which have been secured on more than one Swap Provider Collateral Pool.

**“New Class”** has the meaning given to it in Condition 17.2(B).

**“NGN”** means a Global Bearer Security in new global note form.

**“Non-Disrupted Valuation Date”** means a Valuation Date which is not a “Disrupted Day” (as defined in the Applicable Product Annex).

**“Non-Leveraged Index”** means an Index with an Index Leverage Factor (as specified in the Applicable Product Annex) of +1.

**“Notice Deadline”** means 2.00p.m. (London) time, provided that the Notice Deadline in respect of any Class of ETP Securities may be adjusted by agreement between the Issuer and the relevant Swap Provider(s) with effect from the fifth calendar day following the date on which notice of such adjustment is given to the holders in accordance with Condition 18.

**“Obligor”** means each person that has an obligation to the Issuer pursuant to the Class Secured Property or the Collateral Pool Secured Property, as the context requires.

**“OECD”** means the Organisation for Economic Cooperation and Development and any successor thereto.

**“Operating Manual”** means the operating manual as set out in the schedule to the Operating Procedures Agreement (as amended, supplemented and/or replaced from time to time).

**“Optional Redemption”** means the redemption of ETP Securities at the option of one or more ETP Securityholders in accordance with the provisions of Condition 8.2.

**“Optional Redemption Amount”** means, in relation to a Redemption Order, an amount per ETP Security equal to:

- (A) if Index Pricing applies, an amount calculated by the Determination Agent equal to the product of (i) the Price per ETP Security as at the relevant Optional Redemption Pricing Date; and (ii) one (1) minus the Swap Execution Rate; or
- (B) if Agreed Pricing applies, the amount specified in the applicable Agreed Redemption Order.

**“Optional Redemption Pricing Date”** means, subject to Condition 10.2, a Valuation Date on which an Index Redemption Order is determined to be valid and accepted by or on behalf of the Issuer in accordance with the Operating Procedures Agreement.

**“Optional Redemption Settlement Date”** means (i) where Index Pricing is applicable, the third currency Business Day following the Optional Redemption Pricing Date; or (ii) where Agreed Pricing is applicable, the date specified as such in the relevant Agreed Redemption Order.

**“outstanding”** means, for the purposes of the Conditions, any Swap Agreement, Trust Deed and Collateral Pool Security Deed, in relation to the ETP Securities and a Valuation Date, (i) on the Class Issue Date, the ETP Securities issued on such date, and (ii) on any Valuation Date thereafter, all the ETP Securities issued on or prior to such Valuation Date except (a) those that have been redeemed in accordance with Condition 8; (b) those that have been cancelled for any reason; (c) those in respect of which the date for redemption has occurred and the redemption moneys have been duly paid to the Trustee or to the Issuing and Paying Agent and which remain available for payment against presentation and surrender of ETP Securities; (d) those that have become void or in respect of which claims have become prescribed; (e) those which have been issued and which are pending settlement to an Authorised Participant but in respect of which the relevant Authorised Participant(s) has not paid in full the relevant subscription amount under the Authorised Participant Agreement; (f) those in respect of which a Final Redemption Settlement Date, Compulsory Redemption Settlement Date or Optional Redemption Settlement Date has occurred and in respect of which the Issuer (or the Trustee or the Issuing and Paying Agent, as the case may be) has received in full the related termination payment under the relevant Swap Transaction; (g) those that have been purchased, settled and cancelled as provided in Condition 8.7; (h) those mutilated or defaced Bearer Securities that have been surrendered in exchange for replacement Bearer Securities; (i) (for the purpose only of determining how many ETP Securities are outstanding and without prejudice to their status for any other purpose) those Bearer Securities alleged to have been lost, stolen or destroyed and in respect of which replacement ETP Securities have been issued and (j) any Global Bearer Security to the extent that it shall have been exchanged for one or more Definitive Securities pursuant to its provisions; provided that for the purposes of (1) ascertaining the right to attend and vote at any meeting of the ETP Securityholders, (2) the determination of how many ETP Securities are outstanding for the purposes of the Conditions, any Swap Agreement, Trust Deed and Collateral Pool Security Deed and (3) the exercise of any discretion, power or authority that the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the ETP Securityholders, those ETP Securities that are beneficially held by or on behalf of the Issuer and not cancelled shall (unless no longer so held) be deemed not to remain outstanding. For the avoidance of doubt, ETP Securities (if any) which the Issuer has agreed on or prior to such Valuation Date to redeem but in respect of which the related termination payment under any Swap Transaction has not yet been paid in full to the Issuer (or the Trustee or Issuing and Paying Agent, as applicable) shall be deemed to be “outstanding” on such Valuation Date and ETP Securities (if any) which the Issuer has agreed on or prior to such Valuation Date to issue but in respect of which payment of the relevant subscription amount has not been received in full from the relevant Authorised Participant(s) and settlement to such relevant Authorised Participant(s) has not yet occurred shall not be deemed to be “outstanding” on such Valuation Date.

**“Paying Agent”** means any entity as may be appointed from time to time as paying agent of the Issuer in accordance with Condition 11.7, and any successor or replacement thereto.

**“Payment Business Day”** means, in respect of any ETP Securities, any day (i) on which the Relevant Clearing System is open and (ii) which is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and the financial centre of the Relevant Currency which, in the case of a payment in EUR, is a TARGET Settlement Day.

**“Posted Collateral”** means, in relation to a Swap Agreement and a Swap Provider, all Eligible Collateral that has been transferred by such Swap Provider to the Issuer (or otherwise received by the Issuer in respect of Eligible Collateral that has been transferred to the Issuer) under the Credit Support Document in respect of such Swap Agreement and not returned to such Swap Provider in accordance with the terms of such Credit Support Document.

**“Potential Event of Default”** means an event or circumstance that could, with the giving of notice, lapse of time and/or issue of a certificate become an Event of Default.

**“Price per ETP Security”** has the meaning given to it in the Applicable Product Annex.

**“Principal”** means the Redemption Amount, the Optional Redemption Amount or the Compulsory Redemption Amount (as applicable).

**“Principal Amount”** means, in respect of any ETP Security, the amount in the Relevant Currency specified in the Final Terms.

**“Proceedings”** has the meaning given to it in Condition 21.2.

**“Product Leverage Factor”** means the factor specified in respect of the ETP Securities in the Applicable Product Annex.

**“Programme Document”** means each of the Master Trust Deed, the Agency Agreement, the Determination Agency Agreement, the Operating Procedures Agreement and each Authorised Participant Agreement and **“Programme Documents”** means all such documents.

**“Programme Effective Date”** means the date on which the Base Prospectus in respect of the Programme is approved by the relevant competent authority, which is on or about 30 November 2012.

**“Programme Maximum Number of ETP Securities”** means 1,000,000,000.

**“Programme Party”** means a party to a Programme Document or a Collateral Pool Document (other than the Issuer and ETP Securityholders).

**“Prospectus Directive”** means Directive 2003/71/EC (as amended by Directive 2010/73/EU).

**“Publication Event Redemption Notice”** has the meaning given to it in Condition 8.8(D).

**“Publication Failure Event”** has the meaning given to it in Condition 8.8(D).

**“Rating Agency”** means any of S&P and/or Moody's and/or Fitch.

**“Record Date”** means the Clearing System Business Day immediately prior to the date for payment, where “Clearing System Business Day” means Monday to Friday inclusive except 25 December and 1 January.

**“Redemption Account”** means, in respect of ETP Securities, a bank account to receive payments in the Relevant Currency of the Optional Redemption Amount in respect of the redemption of such ETP Securities, which account shall be:

- (A) for an Authorised Participant, the bank account notified in writing for such purposes by the Authorised Participant to the Issuer, each Swap Provider and the Trustee from time to time; and
- (B) otherwise, the bank account specified in the Redemption Order.

**“Redemption Amount”** means an amount per ETP Security calculated by the Determination Agent equal to the greater of:

- (A) the Principal Amount of such ETP Security; and
- (B) the product of (i) the Weighted Average Price per ETP Security and (ii) one (1) minus the Swap Execution Rate,

provided that, where the ETP Securities have fallen for redemption following the delivery of an Event of Default Redemption Notice or a Connected Class Acceleration Notice, the Redemption Amount shall be an amount equal to the most recently published Price per ETP Security as at the date of delivery of the Event of Default Redemption Notice or Connected Class Acceleration Notice, as the case may be.

**“Redemption Order”** means an Index Redemption Order or an Agreed Redemption Order, as the case may be, in the form attached to the Operating Procedures Agreement, or such other form as may be acceptable to the Issuer in its sole discretion.

**“Redemption Limit”** means the sum of the Maximum Daily Termination Limits applicable to each Swap Transaction relating to the ETP Securities.

**“Redemption Number”** means, in respect of each Redemption Pricing Date, a number of ETP Securities calculated by the Determination Agent as follows:

- (A) if the Redemption Unwind Period consists of more than one Redemption Pricing Date:

- (1) in respect of each Redemption Pricing Date other than the last Redemption Pricing Date, a number (rounded down) equal to (x) the total number of ETP Securities outstanding as at the Final Redemption Date or Compulsory Redemption Date, as the case may be; divided by (y) the number of days in the Redemption Unwind Period; and
  - (2) in respect of the last Redemption Pricing Date, a number equal to (a) the total number of ETP Securities outstanding as at the Final Redemption Date or Compulsory Redemption Date, as applicable; minus (b) the sum of the Redemption Numbers in respect of all the other Redemption Pricing Dates; and
- (B) if the Redemption Unwind Period consists of one Redemption Pricing Date, a number equal to the total number of ETP Securities outstanding.

**“Redemption Pricing Date”** means each Valuation Date falling in the Redemption Unwind Period, commencing on and including the Redemption Date.

**“Redemption Settlement Date”** means the Final Redemption Settlement Date or Compulsory Redemption Date, as the context requires.

**“Redemption Unwind Period”** means a number of Valuation Dates commencing on and including the Final Redemption Date or Compulsory Redemption Date, as the case may be, equal to the number, rounded up to the nearest whole day, that results from dividing (i) the sum of the products of (x) the number of ETP Securities of each relevant Class being redeemed and (y) the Price per ETP Security of that Class as at the Valuation Date immediately preceding the Final Redemption Date or Compulsory Redemption Date, as applicable; by (ii) the then applicable Redemption Limit.

**“Register”** means the register maintained in Ireland by the Registrar of persons holding the ETP Securities.

**“Registered Securities”** has the meaning given to it in Condition 2.

**“Registrar”** means Capita IRG Trustees Limited or any successor or replacement thereto or any other entity appointed as registrar in accordance with the terms of the Agency Agreement.

**“Relevant Clearing System”** means (i) CREST, (ii) Euroclear, (iii) Clearstream, Frankfurt, (iv) Clearstream, Luxembourg or (v) any other recognised clearing system in which ETP Securities of a Class may be cleared.

**“Relevant Currency”** means the currency of denomination of the ETP Securities, as specified in the Final Terms.

**“Relevant Date”** has the meaning given to it in Condition 12.

**“Relevant Provisions”** means, in respect of the Determination Agent, the provisions of the Determination Agency Agreement (including, without limitation, the duties and obligations of the Determination Agent under Clause 2 of the Determination Agency Agreement), the Trust Deed, the Authorised Participant Agreement and the Conditions.

**“Relevant Stock Exchange”** means the London Stock Exchange, the Frankfurt Stock Exchange, the Borsa Italiana and/or any other stock exchange on which ETP Securities of a Class may be listed.

**“Replacement Transaction”** has the meaning given to it in Condition 9.4(A).

**“Restrike Event”** has the meaning given to it in the Applicable Product Annex.

**“RIS”** means a regulated information service for the purposes of giving information relating to the ETP Securities and/or the rules of the Relevant Stock Exchange chosen by the Issuer from time to time, including but not limited to the Regulatory News Service (the **“RNS”**) of the London Stock Exchange.

**“S&P”** means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc, and any successor thereto.

**“Scheduled Swap Termination Event”** has the meaning given to it in Condition 9.4(C).

**“Secondary Early Redemption Event”** has the meaning given to it in Condition 8.9.

**“Securities Act”** means The United States Securities Act of 1933 as amended.

**“Security”** means, as the context requires, the security constituted by the Trust Deed, each Collateral Pool Security Deed and/or any other Security Document.

**“Security Document”** means, any security document relating to the ETP Securities designated as such by Issuer and the Trustee, as amended, supplemented, novated and/or replaced from time to time but, for the avoidance of doubt, not including any Collateral Pool Security Deed or any Trust Deed.

**“Securityholder Notice and Direction”** has the meaning given to it in Condition 8.8(D).

**“Services Agreement”** means the agreement between the Issuer and the Manager dated 30 November 2012 in respect of the provision of services by the Manager to the Issuer in connection with the Programme, as amended and/or supplemented from time to time or any replacement agreement which the Issuer may enter into from time to time, in respect of the provision of such services with any of its Affiliates.

**“Share Trustee”** means Capita Trustee Services Limited and any successor thereto.

**“Sub-custodian”** means any sub-custodian appointed by the Collateral Administrator pursuant to a Collateral Administration Agreement.

**“Subscription Amount”** means, in relation to a Subscription Order, an amount per ETP Security equal to:

- (A) an amount calculated by the Determination Agent equal to the product of (i) the Price per ETP Security as at the relevant Subscription Trade Date; and (ii) one (1) minus the Swap Execution Rate; or
- (B) such other amount as may be agreed in relation to such subscription between the Authorised Participant subscribing for ETP Securities in accordance with the Operating Procedures Agreement, and one or more of the Swap Providers for the ETP Securities who have agreed to provide hedging to the Issuer in respect of such newly issued ETP Securities in accordance with Condition 9.1.

**“Subscription Limit”** means any applicable limit on the Issuer’s ability to hedge newly issued ETP Securities pursuant to the terms of the Operating Procedures Agreement or any Swap Provider Agreement, as may be amended from time to time.

**“Subscription Order”** means a request from an Authorised Participant delivered to the Issuer to issue ETP Securities.

**“Subscription Settlement Date”** means the third Valuation Date after the Subscription Trade Date, provided that if such Valuation Date is not a Disrupted Day.

**“Subscription Suspension Event”** means the delivery by the Issuer of a notice in writing to each Authorised Participant, the Issuing and Paying Agent and the Determination Agent pursuant to the Operating Procedures Agreement stating that with effect from the date specified in such notice subscription of the ETP Securities shall be so suspended.

**“Subscription Trade Date”** means, subject to Condition 10.2, a Valuation Date on which a Subscription Order is determined to be valid and accepted by or on behalf of the Issuer in accordance with the Operating Procedures Agreement.

**“Successor Index”**, in respect of a Class of ETP Securities, has the meaning given to it in the Applicable Product Annex.

**“Swap Calculation Agent”** or **“Calculation Agent”** means the party designated as Calculation Agent in the relevant Swap Agreement(s).

**“Swap Execution Rate”** means the rate (expressed as a percentage) applicable to the ETP Securities, as set out in the Operating Procedures Agreement and as may be amended by such Swap Provider from time to time as provided under the Operating Procedures Agreement.

**“Swap Provider”** means the Initial Swap Provider and any Additional Swap Provider.

**“Swap Provider Agreement”** means, in respect of a Swap Provider, the swap provider agreement entered into by the Issuer and such Swap Provider, as amended, supplemented, novated and/or replaced from time to time.

**“Swap Provider Collateral Account”** means, in respect of a Swap Provider, an account or accounts in the name of the Issuer held by the Collateral Administrator or Sub-custodian or other agent on behalf of the Issuer and operated according to the relevant Collateral Administration Agreement, the Operating Procedures Agreement and the related Credit Support Document.

**“Swap Provider Collateral Pool”** means, in respect of each Swap Provider, all of the Issuer’s right, title, interest and benefit present and future in, to and under:

- (A) the Issuer Cash Account relating to such Swap Provider and any cash balances standing to the credit of such Issuer Cash Account;
- (B) the Swap Provider Collateral Account relating to such Swap Provider and all Eligible Collateral delivered by such Swap Provider to the Issuer pursuant to the Credit Support Document in respect of the Swap Agreement between the Issuer and such Swap Provider and held in such Swap Provider Collateral Account; and
- (C) the Collateral Pool Documents relating thereto.

**“Swap Provider Default Redemption Event”** has the meaning given to it in Condition 9.4(B).

**“Swap Provider Event of Default”** means, in respect of a Swap Provider, any Event of Default (as defined in the corresponding Swap Agreement) in respect of which the Swap Provider is the sole Defaulting Party (as defined in such Swap Agreement).

**“Swap Provider Termination Event”** means, in respect of a Swap Provider and any Swap Transaction(s) entered into under the Swap Agreement between the Issuer and such Swap Provider, any Termination Event (as defined in the corresponding Swap Agreement) in respect of which the Swap Provider is the sole Affected Party (as defined in such Swap Agreement).

**“Swap Replacement Period”** has the meaning given to it in Condition 9.4(A).

**“Swap Transaction Early Termination Event”** has the meaning given to it in Condition 9.4(C).

**“Swap Transaction Termination Notice”** has the meaning given to it in Condition 9.4(B).

**“Swap Transferee(s)”** has the meaning given to it in Condition 9.2.

**“TARGET Settlement Day”** means a day on which the TARGET2 System is operating.

**“TARGET2 System”** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) system or any successor thereto.

**“Tax”** means any tax, duty, assessment or charge of whatsoever nature (including, without limitation, any tax on income, profits, gains, net wealth, asset values or turnover, value added tax, stamp duty, stamp duty reserve tax, excise, severance, sales, use, transfer, documentary, recording tax or duty or any other similar tax, duty or charge) imposed, levied, collected, withheld or assessed by any government, applicable tax authority or jurisdiction.

**“Terminated Transaction”** has the meaning given to it in Condition 9.4(A).

**“Termination”** means, in respect of a Swap Transaction, the total or partial close-out of such Swap Transaction in accordance with the terms of the relevant Swap Agreement.

**“Tranche”** means, in relation to a Class of ETP Securities issued on any date, the ETP Securities that are issued on the same Issue Date with the same Principal Amount.

**“Transfer Agent”** means any entity as may be appointed from time to time as transfer agent in accordance with the terms of the Agency Agreement and any successor or replacement thereto.

**“Unacceptable Authorised Participant”** means an Authorised Participant in respect of which a Swap Provider has given and not withdrawn notice under the relevant Swap Provider Agreement that the Authorised Participant has ceased to be acceptable to such Swap Provider.

**“Uncertificated Registered Securities”** means ETP Securities issued in dematerialised uncertificated registered form.

**“Uncertificated Regulations”** means the Uncertificated Securities Regulations 2001 and the Irish Companies Act 1990 (Uncertificated Securities) Regulations 1996 (S.I. No. 68 of 1996), as amended by the Irish Companies Act 1990 (Uncertificated Securities) (Amendment) Regulations 2005 (S.I. No. 693 of 2005) and such other regulations made under section 239 of the Irish Companies Act 1990 having force within Ireland as are applicable to Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited) and/or the CREST “relevant system” (as defined in such regulations) and are from time to time in force.

**“Valuation Date”**, in respect of any Class, has the meaning given to it in the Applicable Product Annex.

**“Weighted Average Price per ETP Security”** means an amount equal to (i) the sum of the Daily Redemption Amounts divided by (ii) the total number of ETP Securities outstanding as at the Final Redemption Date or Compulsory Redemption Date, as the case may be.

## 1.2 Interpretation

All capitalised terms used but not defined in these Conditions will have the meanings given to them in the Master Trust Deed, the Trust Deed and/or the Master Definitions Schedule.

## 2. Form and Title

The ETP Securities may be issued in bearer form (including in new global note form (“**NGN**”) and in classic global note form (“**CGN**”) and serially numbered (“**Bearer Securities**”, which expression includes ETP Securities which are specified to be Exchangeable Bearer Securities), in registered form (“**Registered Securities**”), in bearer form exchangeable for Registered Securities (“**Exchangeable Bearer Securities**”) or in dematerialised uncertificated registered form which shall not be exchangeable for Bearer Securities (“**Uncertificated Registered Securities**”), in each case in the Denomination(s) and Relevant Currency specified in the Final Terms. If it is stated in the Final Terms that the form of some or all of the ETP Securities is “Bearer”, such ETP Securities are Bearer Securities. If it is so stated that the form of some or all of the ETP Securities is “Exchangeable Bearer”, such ETP Securities are Exchangeable Bearer Securities. If it is so stated that the form of some or all of the ETP Securities is “Registered”, such ETP Securities are Registered Securities. If it is so stated that the form of some or all of the ETP Securities is “Uncertificated Registered”, such ETP Securities are Uncertificated Registered Securities. Unless otherwise stated in the Final Terms, the form of all of the ETP Securities of a particular Class on issue will be the same.

In respect of Bearer Securities relating to a Class to be issued in global form, such Bearer Securities, will (a) if the Bearer Securities are intended to be issued in NGN form, as stated in the Final Terms relating to such Class, be delivered on or prior to the original issue date to a Common Safekeeper for Euroclear, Clearstream, Luxembourg and Clearstream, Frankfurt; and (b) if the Bearer Securities are intended to be issued in CGN form, as stated in the Final Terms relating to such Class be delivered on or prior to the original issue date to a common depository for Euroclear, Clearstream, Luxembourg and Clearstream, Frankfurt.

In respect of Registered Securities relating to a Class to be issued in global form, the Global Registered Certificate in respect of such Registered Securities will be registered in the name of a nominee for, and shall be deposited on its issue date with a common depository on behalf of, Euroclear, Clearstream, Luxembourg and Clearstream, Frankfurt.

All Registered Securities of the same Class shall have the same Denomination. Where Exchangeable Bearer Securities are issued, the Registered Securities for which they are exchangeable shall have the same Denomination as the lowest denomination of Exchangeable

Bearer Securities. Bearer Securities shall not be exchangeable for Uncertificated Registered Securities.

Title to the Bearer Securities shall pass by delivery. Title to the Registered Securities shall pass by registration in the register (the “**Register**”) which the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement. Uncertificated Registered Securities shall be held in uncertificated registered form in accordance with the Uncertificated Regulations and as such are dematerialised and not constituted by any physical document of title. Uncertificated Registered Securities shall be cleared through CREST and are participating securities for the purposes of the Uncertificated Regulations. Title to the Uncertificated Registered Securities is recorded on the Register and shall pass by registration in the Register. Notwithstanding anything to the contrary in the Conditions, for so long as the Uncertificated Registered Securities are participating securities: (i) the Register shall be maintained in Ireland and at all times outside of the United Kingdom, (ii) the Uncertificated Registered Securities may be issued in uncertificated form in accordance with and subject as provided in the Uncertificated Regulations and (iii) for the avoidance of doubt, the Conditions in respect of the Uncertificated Registered Securities shall remain applicable notwithstanding that they are not endorsed on any certificate or document of title.

Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any ETP Security shall be deemed to be and may be treated as the absolute owner of such ETP Security for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such ETP Security shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone and no person will be liable for so treating the holder.

### 3. **Exchanges of Exchangeable Bearer Securities and Transfers of Registered Securities and Uncertificated Registered Securities**

#### 3.1 **Exchange of Bearer Securities and Exchangeable Bearer Securities**

The Global Bearer Security relating to Bearer Securities is exchangeable (free of charge to the holder) on or after the Exchange Date in whole but not in part for Definitive Securities if the Global Bearer Security is held on behalf of a Clearing System and the Relevant Clearing System is closed for business for a continuous period of 14 calendar days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does, in fact, do so.

“**Exchange Date**” means a day falling not less than 60 calendar days after the date 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 Issuing and Paying Agent is located.

Any such exchange may be effected on or after an Exchange Date by the holder of the Global Bearer Security surrendering the Global Bearer Security to or to the order of the Issuing and Paying Agent. In exchange for the Global Bearer Security, the Issuer shall deliver, or procure the delivery of, duly executed and authenticated Definitive Securities in an aggregate number equal to the number of ETP Securities represented by the Global Bearer Security submitted for exchange, security printed in accordance substantially in the form required under the Trust Deed.

Subject as provided in Condition 3.5, each Exchangeable Bearer Security may be exchanged in whole but not in part for the same aggregate principal amount of Registered Securities represented by an Individual Certificate at the request in writing of the relevant ETP Securityholder and upon surrender of each Exchangeable Bearer Security to be exchanged at the specified office of the Registrar. Registered Securities may not be exchanged for Bearer Securities and Bearer Securities of one Denomination may not be exchanged for Bearer Securities of another Denomination. Bearer Securities which are not Exchangeable Bearer Securities may not be exchanged for Registered Securities.

#### 3.2 **Transfer of Registered Securities in definitive form**

One or more Registered Securities may be transferred upon the surrender (at the specified office of the Registrar) of the Individual Certificate representing such Registered Securities to be transferred, together with the form of transfer endorsed on such Individual Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other

evidence as the Registrar may reasonably require. In the case of a transfer of part only of a holding of Registered Securities represented by one Individual Certificate, a new Individual Certificate shall be issued to the transferee in respect of the part transferred and a further new Individual Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Noteholders. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

### 3.3 **Exercise of options or partial redemption in respect of Registered Securities**

In the case of an exercise of an Issuer's or an ETP Securityholder's option in respect of, or a redemption of a part of, a holding of Registered Securities represented by a single Individual Certificate, a new Individual Certificate shall be issued to the holder in respect of the balance of the holding not subject to the exercise of such option or, as the case may be, redeemed. New Individual Certificates shall only be issued against surrender of the existing Individual Certificates to the Registrar.

### 3.4 **Delivery of new Individual Certificates**

Each new Individual Certificate to be issued pursuant to Conditions 3.2 to 3.3 will be available for delivery within five business days of surrender of the relevant Exchangeable Bearer Security or, as the case may be, the relevant Individual Certificate and, if applicable, receipt of the relevant request for exchange, form of transfer or notice of exercise together with such other evidence (if any) as may be required pursuant to the relevant Condition. Delivery of new Individual Certificate(s) shall be made at the specified office of the Registrar to whom surrender of such Individual Certificate and, if applicable, delivery of such request, form of transfer or notice of exercise shall have been made or, at the option of the holder making such delivery and surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, notice of exercise or otherwise in writing, shall be mailed at the risk of the holder entitled to the new Individual Certificate to such address as may be so specified. In this Condition 3.4 "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Registrar.

### 3.5 **Exchange and transfer free of charge**

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

### 3.6 **Closed periods**

No ETP Securityholder may require the transfer of a Registered Security to be registered or an Exchangeable Bearer Security to be exchanged for one or more Registered Security(s) (i) during the period of 15 calendar days ending on the due date for redemption of that ETP Security, (ii) during the period of 15 calendar days prior to any date on which ETP Securities may be redeemed by Optional Redemption pursuant to Condition 3.6 or by the Issuer at its option pursuant to Condition 8.7, (iii) after any such ETP Security has been drawn for redemption in whole or in part or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Security called for redemption may, however, be exchanged for one or more Registered Security(s) in respect of which the Individual Certificate is simultaneously surrendered not later than any Record Date.

### 3.7 **Exchange of Uncertificated Registered Securities**

All transactions in respect of Uncertificated Registered Securities (including, without limitation, transfers of the ETP Securities) in the open market or otherwise must be effected through an account with EUI. All transfers of the ETP Securities shall be subject to and made in accordance with the Uncertificated Regulations and the rules, procedures and practices in effect of the Registrar and CREST. The Uncertificated Regulations and such rules, procedures and practices may change from time to time. No provision of the Conditions shall (notwithstanding anything to the contrary herein) apply or have effect to the extent that it is in any respect inconsistent with: (i) the holding of title to the ETP Securities in uncertificated form, (ii) the transfer of title to Uncertificated Registered Securities by means of registration in the Register or (iii) the Uncertificated Regulations.

If at any time the ETP Securities cease to be held in uncertificated form and/or accepted for clearance through CREST, or notice is received by or on behalf of the Issuer that the ETP Securities will cease to be held in uncertificated form and cleared through CREST and/or CREST is closed for business for a continuous period of 14 calendar days (other than by reason of holidays, statutory or otherwise) or CREST announces an intention permanently to cease business or does in fact do so, the ETP Securities shall continue to be in registered form and the Issuer, the Registrar, the Issuing and Paying Agent and any other relevant Programme Party may agree such procedures as they determine necessary in relation to the transfer of Uncertificated Registered Securities and shall as soon as reasonably practicable give notice thereof to the ETP Securityholders in accordance with Condition 18.

The provisions of the second paragraph this Condition 3.6 shall apply equally in the case that a holder ceases to be a CREST member, but for such purposes only the affected holder will need to be notified of the procedures adopted.

If the rules and procedures of the Registrar and/or for so long as the Uncertificated Registered Securities are held in CREST the rules and procedures of CREST include any closed period in which no ETP Securityholder may require the transfer of an ETP Security to be registered in the Register, such closed periods shall apply to Uncertificated Registered Securities. Details of any such closed period are available from the Registrar.

#### 4. **Constitution and Status**

Each Class of ETP Securities is constituted by the applicable Trust Deed and secured by the applicable Trust Deed and each applicable Collateral Pool Security Deed. The ETP Securities of each Class are secured, limited recourse obligations of the Issuer, at all times ranking pari passu and without any preference among themselves, secured in the manner described in Condition 6 and recourse in respect of which is limited in the manner described in Condition 6.7 and Condition 14.

#### 5. **Price per ETP Security**

The Price per ETP Security in respect of any day shall be calculated in accordance with the terms of the Applicable Product Annex.

#### 6. **Security**

##### 6.1 **Security**

(A) The Security in respect of the ETP Securities shall be constituted by the Trust Deed and by each applicable Collateral Pool Security Deed, as described below. Additional Security Documents may be entered into in respect of particular Classes if required.

- (1) **Trust Deed:** Pursuant to the Trust Deed, the Class Secured Obligations of the Issuer shall be secured by:
  - (a) an assignment by way of security of all of the Issuer's rights, title, interest and benefit present and future in, to and under the Programme Documents to the extent that they relate to the ETP Securities; and
  - (b) a first fixed charge over (i) all sums held now or in the future by or on behalf of the Issuer (including, without limitation, by the Issuing and Paying Agent and/or the Registrar) to meet payments due in respect of the obligations and duties of the Issuer under the Trust Deed and the ETP Securities (to the extent that such assets and property are not subject to the security created pursuant to any Collateral Pool Security Deed), (ii) any sums of money, securities, financial instruments or other property received or receivable now or in the future by or on behalf of the Issuer under each relevant Swap Agreement and/or Credit Support Document (to the extent that such assets and property are not subject to the security created pursuant to any Collateral Pool Security Deed) and (iii) all of the Issuer's rights as against the Collateral Administrator and/or any Sub-custodian in respect of any sum or property now or in the future standing to the credit of the relevant accounts of the Issuer with the Collateral Administrator or of the Collateral Administrator (on behalf of the

Issuer) with any Sub-custodian relating to the ETP Securities (to the extent that such assets and property are not subject to the security created pursuant to any Collateral Pool Security Deed),

in each case, to the extent that they relate to the ETP Securities, in favour of the Trustee for its benefit and for the benefit of the Class Secured Creditors.

(2) **Collateral Pool Security Deed:** Pursuant to each Collateral Pool Security Deed, the Collateral Pool Secured Obligations of the Issuer relating to the relevant Swap Agreement shall be secured by:

- (a) an assignment by way of security of all of the Issuer's rights, title, interest and benefit present and future in, to and under the relevant Collateral Pool Documents; and
- (b) a first fixed charge over (i) the assets comprising the relevant Swap Provider Collateral Pool to the extent not assigned pursuant to (a) above, (ii) all sums held now or in the future by or on behalf of the Issuer (including, without limitation, by the Issuing and Paying Agent and/or the Registrar) to meet payments due in respect of the obligation and duties of the Issuer under the relevant Swap Agreement and (iii) all sums, securities and any other property held or received by the Liquidation Agent relating to the relevant Swap Agreement, any other Credit Support Document and the ETP Securities,

in each case, in favour of the Security Trustee for its benefit and the benefit of the Collateral Pool Secured Creditors,

(B) The Security created by the Trust Deed in respect of the ETP Securities is granted to the Trustee as continuing security for the Class Secured Obligations. The Security created by the Collateral Pool Security Deed in respect of a Swap Agreement is granted to the Security Trustee as continuing security for the relevant Collateral Pool Secured Obligations. In accordance with the Trust Deed and each applicable Collateral Pool Security Deed, prior to any enforcement of the Security, the Trustee and the Security Trustee, as applicable, will be deemed to release from such Security without the need for any notice or other formalities:

- (1) sums held by the Issuing and Paying Agent and/or the Registrar, as the case may be, the Collateral Administrator, as applicable, to the extent required for payment of any sum in respect of the ETP Securities and/or under the Programme Documents and/or the Collateral Pool Documents which is due and payable to be duly made (which for the avoidance of doubt shall include, without limitation, amounts payable in respect of Principal to the ETP Securityholders in accordance with these Conditions, amounts payable to a Swap Provider under the relevant Swap Agreement in connection with the increase of the exposure under any Swap Transaction relating to the issue of a further Tranche of the ETP Securities and Optional Redemption Amounts in respect of the ETP Securities payable to any Authorised Participant by the Issuer);
- (2) any part of the Collateral Pool Secured Property to the extent required to effect a transfer of Equivalent Credit Support (as defined in the relevant Swap Agreement) to the relevant Swap Provider in accordance with the terms of the relevant Swap Agreement and/or any other Credit Support Document;
- (3) any part of the Class Secured Property or Collateral Pool Secured Property to the extent required to comply with and subject to the provisions of Conditions 6.7 and 6.8;
- (4) any part of the Collateral Pool Secured Property to the extent required to give effect to the substitution of the Posted Collateral under a relevant Swap Agreement and/or any Credit Support Document in respect of such Swap Agreement in; and
- (5) any part of the Class Secured Property or the Collateral Pool Secured Property to the extent required to give effect to the transfer, novation or assignment of the relevant

Swap Agreement in accordance with Conditions 9.2 or 9.4 and such Swap Agreement.

## 6.2 Money received by the Trustee prior to enforcement of Security

- (A) Pursuant to the terms of the Trust Deed, the Issuer agrees, on any date on which a payment of Principal under these Conditions in respect of any ETP Securities becomes due, unconditionally to pay the Trustee (or to the order of the Trustee) in same day cleared funds, in accordance with the Trust Deed, the Redemption Amount, the Optional Redemption Amount or the Compulsory Redemption Amount, as applicable, in respect of the ETP Securities which is due and payable on that date.

Notwithstanding anything to the contrary in these Conditions or the Trust Deed, (1) payment of Principal due under the ETP Securities pursuant to the Conditions made to the Issuing and Paying Agent and/or the Registrar (as the case may be) as provided in the Agency Agreement shall, to that extent, satisfy the Issuer's obligation to make payments of Principal in respect of the ETP Securities to the Trustee for the account of the ETP Securityholders except to the extent that there is failure by the Issuing and Paying Agent and/or the Registrar (as the case may be) to pass such payment to the relevant ETP Securityholders (whether via payment through the Relevant Clearing System or otherwise) and (2) a payment of Principal made after the due date or as a result of the ETP Securities becoming repayable following an Event of Default or the occurrence of a Compulsory Redemption Event shall be deemed to have been made when the full amount due has been received by the Issuing and Paying Agent and/or the Registrar (as the case may be) or the Trustee and notice to such effect has been given to the ETP Securityholders, except to the extent that there is failure by the Issuing and Paying Agent and/or the Registrar (as the case may be) to pass such payment to the relevant ETP Securityholders (whether via payment through the Relevant Clearing System or otherwise). Under the terms of the Trust Deed, the Trustee holds the benefit of this covenant on trust for itself and the ETP Securityholders according to their respective interests.

- (B) Save for any moneys received in connection with the realisation or enforcement of all or part of the Security, all moneys received by or on behalf of the Trustee in relation to the Issuer's covenant to pay Principal pursuant to Condition 6.2(A) will, despite any appropriation of all or part of them by the Issuer, be held by the Trustee on trust to apply them:
- (1) first, in payment or satisfaction of the fees, costs, charges, expenses and liabilities properly incurred by or payable to the Trustee under or pursuant to the Trust Deed (including, without limitation, any Taxes (other than any income, corporation or similar tax in respect of the Trustee's remuneration) required to be paid by the Trustee in connection with the performance of its obligations under the Trust Deed and the Trustee's remuneration);
  - (2) secondly, in payment of any amounts owing to the holders of ETP Securities *pari passu* and rateably; and
  - (3) thirdly, in payment of any balance to the Issuer for itself.

If the Trustee holds any moneys in respect of ETP Securities that have become void or in respect of which claims have become prescribed, the Trustee will hold them on trust as described above.

## 6.3 Enforcement of Security constituted by the Trust Deed or by a Collateral Pool Security Deed

- (A) The Security constituted by the Trust Deed in respect of the ETP Securities shall become enforceable upon the occurrence of an Event of Default pursuant to Condition 13 below, or the occurrence of an event of default pursuant to the terms and conditions of any Connected Class.
- (B) The Security constituted by a Collateral Pool Security Deed shall become enforceable upon the occurrence of an Event of Default pursuant to Condition 13 below, or the occurrence of an event of default pursuant to the terms and conditions of any Connected Class.

#### 6.4 Realisation of Security constituted by the Trust Deed

At any time after the Security constituted by the Trust Deed has become enforceable, the Trustee may, at its discretion, and shall, if so directed in writing by holders of at least one-fifth in number of the ETP Securities then outstanding or by an Extraordinary Resolution of the ETP Securityholders, in each case subject to its having been pre-funded and/or secured and/or indemnified to its satisfaction by the ETP Securityholders, enforce the Security constituted by the Trust Deed.

To do this, the Trustee may, at its discretion, (i) enforce and/or terminate any relevant Programme Document relating to the ETP Securities in accordance with its or their terms, and/or take action against the relevant Obligor(s) and/or (ii) take possession of and/or realise all or part of the assets over which the Security constituted by the Trust Deed shall have become enforceable and may in its discretion, sell, call in, collect and convert into money all or part of such assets, in such manner, at such time and on such terms as it thinks fit, in each case without any liability as to the consequence of such action and without having regard to the effect of such action on individual ETP Securityholders.

The Trustee may, in writing, appoint a receiver or receivers over all or part of the assets over which the Security constituted by the Trust Deed shall have become enforceable and may remove any receiver so appointed and appoint another in its place. No delay or waiver of the right to exercise these powers shall prejudice their future exercise.

Neither the Trustee nor any receiver appointed by it or any attorney or agent of the Trustee will, by reason of taking possession of any assets or any other reason and whether or not as mortgagee in possession, be liable to account for anything except actual receipts or be liable for any loss or damage arising from the realisation of such assets or from any act or omission to such assets or otherwise unless such loss or damage shall be caused by its own fraud, negligence or wilful default.

The Trustee shall not be required to take any action in relation to the Security constituted by the Trust Deed which may (i) be illegal or contrary to any applicable law or regulation or (ii) cause it to expend or risk its own funds or otherwise incur any liability (including any personal liability) in the performance of its duties or in the exercise of any of its rights, powers and discretions, without first being indemnified and/or secured and/or prefunded to its satisfaction.

#### 6.5 Realisation of Security constituted under each Collateral Pool Security Deed

(A) At any time after the Security constituted by a Collateral Pool Security Deed has become enforceable, the Security Trustee may, at its discretion, and shall, if so directed in writing by the relevant Swap Provider or by the holders of at least one-fifth in number of the ETP Securities of any Connected Class or by an Extraordinary Resolution of the ETP Securityholders of any Connected Class, subject to its having been pre-funded and/or secured and/or indemnified to its satisfaction by the ETP Securityholders of the Connected Classes (or, failing which the relevant Swap Provider, provided that, for the avoidance of doubt the relevant Swap Provider shall have no obligation whatsoever to provide any such pre-financing, security or indemnity therefor), enforce the Security constituted by such Collateral Pool Security Deed.

To do this, the Security Trustee may, at its discretion, (i) enforce and/or terminate any relevant Collateral Pool Document in accordance with its or their terms, and/or take action against the relevant Obligor(s) and/or (ii) subject to Condition 6.5(B), take possession of and/or realise all or part of the assets over which the Security constituted by the Collateral Pool Security Deed shall have become enforceable and may in its discretion, sell, call in, collect and convert into money all or part of such assets, in such manner, at such time and on such terms as it thinks fit, in each case without any liability as to the consequence of such action and without having regard to the effect of such action on individual ETP Securityholders.

The Security Trustee may, in writing, appoint a receiver or receivers over all or part of the assets over which the Security constituted by the Collateral Pool Security Deed shall have become enforceable and may remove any receiver so appointed and appoint another in its place. No delay or waiver of the right to exercise these powers shall prejudice their future exercise.

Neither the Security Trustee nor any receiver appointed by it or any attorney or agent of the Security Trustee will, by reason of taking possession of any assets or any other reason and whether or not as mortgagee in possession, be liable to account for anything except actual receipts or be liable for any loss or damage arising from the realisation of such assets or from any act or omission to such assets or otherwise unless such loss or damage shall be caused by its own fraud, negligence or wilful default.

The Security Trustee shall not be required to take any action in relation to the Security constituted by a Collateral Pool Security Deed which may (i) be illegal or contrary to any applicable law or regulation or (ii) cause it to expend or risk its own funds or otherwise incur any liability (including any personal liability) in the performance of its duties or in the exercise of any of its rights, powers and discretions, without first being indemnified and/or secured and/or prefunded to its satisfaction.

- (B) In addition, if the Security constituted by the applicable Collateral Pool Security Deed becomes enforceable in accordance with its terms, the Issuer shall use reasonable endeavours to appoint a Liquidation Agent as soon as is reasonably practicable which shall be the relevant Swap Provider (or, in the case of the Initial Swap Provider, if it so determines, BNP Paribas S.A.) provided that no "Event of Default" (as defined in the applicable Swap Agreement) has occurred under the applicable Swap Agreement where such Swap Provider is the Defaulting Party (as defined in the applicable Swap Agreement) (and provided always that the Issuer shall not be liable for any non-appointment of any Liquidation Agent or for any losses, damages, costs or expenses that result from any such non-appointment) to assist the Issuer in the enforcement of the security granted under the applicable Collateral Pool Security Deed. The Liquidation Agent shall be appointed as agent of the Issuer to realise the Posted Collateral under the Swap Agreement and/or any other Credit Support Document in a timely fashion in accordance with the terms of the Collateral Pool Security Deed and applicable laws. If the Issuer fails to appoint a Liquidation Agent by the close of business in London on the fifth Business Day after the Security constituted by the applicable Collateral Pool Security Deed becomes enforceable in accordance with its terms, the relevant Swap Provider may instruct the Security Trustee to appoint such an agent on the Issuer's behalf which, subject to the conditions set out above where such appointment is made by the Issuer itself, may be such Swap Provider (or, in the case of the Initial Swap Provider, BNP Paribas S.A.) (subject to the Security Trustee having been pre-funded and/or secured and/or indemnified to its satisfaction by the ETP Securityholders of the Connected Classes (or, failing which, the relevant Swap Provider, provided that, for the avoidance of doubt, such Swap Provider shall have no obligation whatsoever to provide any such pre-funding, security or indemnity therefor) in respect of such appointment). The Issuer shall appoint the relevant Swap Provider (or, in the case of the Initial Swap Provider, BNP Paribas S.A.) as Liquidation Agent by entering into an agreement with such Swap Provider (or, in the case of the Initial Swap Provider, BNP Paribas S.A.) that includes provisions equivalent to those set out in the remainder of this Condition 6.5.

In appointing a Liquidation Agent, the Issuer shall act in good faith and shall seek to appoint a Liquidation Agent of good professional standing, having appropriate relevant experience and charging fees that are no higher than is commercially reasonable. The Issuer is under no obligation to obtain more than one quotation for such role and, where there is more than one candidate, may choose the entity it considers best suited to the role, regardless of whether other potential candidates would have charged lower fees. At any time after the Security constituted by the applicable Collateral Pool Security Deed has become enforceable, the Issuer (or its agent) may authorise and direct the Collateral Administrator and/or direct the Collateral Administrator to procure any Sub-custodian to deliver the Posted Collateral held by the Collateral Administrator or Sub-custodian to, or to the order of, the Liquidation Agent. Pursuant to the terms of the Collateral Pool Security Deed, the Security constituted thereby shall automatically be released without further action on the part of the Security Trustee to the extent necessary to effect the realisation of the Posted Collateral; provided that nothing in this Condition 6.5(B) shall operate to release the charges and other security interests over the proceeds of the enforcement of the Security constituted by the Collateral Pool Security Deed and the realisation of the Posted Collateral.

In realising the Posted Collateral, the Liquidation Agent may take such steps as it considers appropriate in order to effect an orderly realisation in a timely fashion (so far as is practicable in the circumstances), and may effect such realisation at any time or from time to time and may do so in one transaction or in multiple transactions. The Liquidation Agent shall not be liable to the Issuer or to the Security Trustee, the ETP Securityholders or any other person merely because a higher price could have been obtained had all or part of the realisation been delayed or taken place at a different time or had the realisation not been effected in stages.

The Liquidation Agent shall be permitted to deduct its remuneration and any Taxes (other than income, corporation or similar Tax in respect of the Liquidation Agent's remuneration), fees, costs, charges and expenses arising from or connected with the realisation of the Posted Collateral and the enforcement of the Security constituted by the Collateral Pool Security Deed from the proceeds of any realisation of the Posted Collateral. The Liquidation Agent will not be liable (x) to account for anything except the actual proceeds of any realisation received by it (after deduction of the amounts (if any) described above) or (y) for any Taxes (other than income, corporation or similar Tax in respect of the Liquidation Agent's remuneration), fees, costs, charges, losses, damages, liabilities or expenses arising from or connected with any realisation or from any act or omission in relation to any realisation or otherwise unless such Taxes, fees, costs, charges, losses, damages, liabilities or expenses were caused by its own fraud or wilful default.

Subject as provided above, in carrying out any realisation, the Liquidation Agent will act in good faith and will sell at a price which it reasonably believes to be representative of the price available in the market for the sale of the relevant amount of Posted Collateral being disposed of in the relevant transaction.

Subject as provided above, in carrying out any realisation, the Liquidation Agent may sell to itself, or any Affiliate of it, provided that either (a) the price offered by the Liquidation Agent or such Affiliate is equal to or higher than the price offered in the market for the sale of the relevant amount of Posted Collateral being disposed of in the relevant transaction; or (b) it is not possible to sell the relevant amount of Posted Collateral being disposed of in the relevant transaction.

## 6.6 Application of proceeds of enforcement of Security

- (A) **Trust Deed:** Pursuant to the terms of the Trust Deed, the Trustee will apply the proceeds derived from the realisation of the assets that are the subject of the security constituted by the Trust Deed (whether by way of liquidation or enforcement and after taking account of any Taxes incurred, withheld or deducted by or on behalf of the Issuer) as follows:
- (1) first, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts properly incurred by or payable in respect of the ETP Securities to the Trustee or any receiver under or pursuant to the Trust Deed (which shall include, without limitation, any Taxes required to be paid by the Trustee (other than any income, corporation or similar Tax in respect of the Trustee's remuneration), the costs of enforcing or realising all or some of the Security constituted by the Trust Deed and the Trustee's remuneration);
  - (2) secondly, in payment of any amounts owing to the ETP Securityholders *pari passu* and rateably; and
  - (3) thirdly, in payment of any balance to the Issuer for itself.
- (B) **Collateral Pool Security Deed:** Pursuant to the terms of each Collateral Pool Security Deed, the Security Trustee will apply the proceeds derived from the realisation of the assets that are the subject of the Security constituted by such Collateral Pool Security Deed (whether by way of liquidation or enforcement), after taking account of (x) any Taxes incurred, withheld or deducted by or on behalf of the Issuer and (y) any amounts which the Liquidation Agent is permitted to deduct from the proceeds of the realisation of the Posted Collateral in accordance with Condition 6.5(B) properly incurred by the Liquidation Agent prior to the enforcement of the Security by the Security Trustee (which shall have been certified (including the amounts due to the Liquidation Agent) by the Issuer and the

Liquidation Agent to the Security Trustee which certificate shall be conclusive and binding)) as follows:

- (1) first, in payment or satisfaction of all fees, costs, charges, expenses, liabilities and other amounts properly incurred by or payable in respect of the ETP Securities of any Connected Class to the Security Trustee or any receiver(s) under or pursuant to such Collateral Pool Security Deed in respect of any Connected Class of ETP Securities (which for the purpose of this Condition 6.6(B) and such Collateral Pool Security Deed shall include, without limitation, any Taxes required to be paid by the Security Trustee (other than any income, corporation or similar Tax in respect of the Security Trustee's remuneration), the costs of enforcing or realising all or some of the Security constituted by such Collateral Pool Security Deed and the Security Trustee's remuneration);
  - (2) secondly, in payment of any amounts owing to the relevant Swap Provider that is party to such Collateral Pool Security Deed under the relevant Swap Agreement;
  - (3) thirdly, after the proceeds derived from the realisation of the Class Secured Property have been applied in full pursuant to the enforcement waterfall under each relevant Trust Deed in respect of each Connected Class, in payment on a Pro Rata Basis of any amounts which remain outstanding to the ETP Securityholders of each Connected Class; and
  - (4) fourthly, in payment of any balance to the Issuer for itself.
- (C) **Pro Rata Basis:** Each Collateral Pool Security Deed provides that the proportionate entitlement of each ETP Securityholder of each Connected Class to payments from the proceeds of realisation of the assets comprising the relevant Swap Provider Collateral Pool shall be calculated in accordance with the following formula:

*Entitlement = Value of Affected ETP Holding / Value of Affected ETP Securities Outstanding*, where:

where:

**"Value of Affected ETP Holding"** means the sum of the amounts resulting from multiplying (i) the number of ETP Securities of a Connected Class held by such ETP Securityholder by (ii) their respective Price per ETP Security (most recently published as at the date of delivery of the Event of Default Redemption Notice or Connected Class Acceleration Notice) (or, in the case of a Multiple Swap Provider Class, the proportion thereof hedged by Swap Transaction(s) with the relevant Swap Provider) (converted into euro, if necessary, by applying the prevailing spot exchange rate as at the date of calculation);

**"Value of Affected ETP Securities Outstanding"** means the sum of the amounts resulting from multiplying (i) the number of ETP Securities outstanding of all Connected Classes by (ii) their respective Price per ETP Security (most recently published as at the date of delivery of the Event of Default Redemption Notice or Connected Class Acceleration Notice) (or, in the case of a Multiple Swap Provider Class, the proportion thereof hedged by Swap Transaction(s) with the relevant Swap Provider) (converted into euro, if necessary, by applying the prevailing spot exchange rate as at the date of calculation); and

the term **"Pro Rata Basis"** means, when used in respect of any payment of any amount to two or more persons or of two or more obligations, the allocation of such payment or of such obligations in accordance with the formula set out above.

## 6.7 Shortfall after application of proceeds; Limited recourse and non-petition

In respect of any claim against the Issuer in relation to the ETP Securities, the Programme Parties and the ETP Securityholders shall have recourse only to the Class Secured Property in respect of such ETP Securities and the Collateral Pool Secured Property in respect of such ETP Securities, subject always to the Security, and not to any other assets of the Issuer. If, following realisation in full of the Class Secured Property and the Collateral Pool Secured Property (whether by way of liquidation or enforcement) and application of available cash sums as provided in this Condition 6, the Trust Deed and any Collateral Pool Security Deed, as applicable, any outstanding claim against

the Issuer, whether secured or unsecured, remains unpaid, then such outstanding claim shall be extinguished and no debt shall be owed by the Issuer in respect thereof. Following the extinguishment of any such claim, none of the Programme Parties, the ETP Securityholders or any other person acting on behalf of any of them shall be entitled to take any further steps against the Issuer or any of its officers, shareholders, corporate service providers or directors to recover any further sum in respect of the extinguished claim and no debt shall be owed to any such persons by the Issuer in respect of such further sum.

None of the Programme Parties or the ETP Securityholders or any person acting on behalf of any of them may, at any time, bring, institute or join with any other person in bringing, instituting or joining insolvency, administration, bankruptcy, winding-up, examinership or any other similar proceedings (whether court-based or otherwise) in relation to the Issuer or any of its assets, and none of them shall have any claim arising with respect to the sums, assets and/or property attributable to any other securities issued by the Issuer (save for any further securities which form a single Class or a Connected Class with the ETP Securities).

The provisions of this Condition 6.7 shall survive notwithstanding any redemption of the ETP Securities or the termination or expiration of any Programme Document.

**6.8 Issuer's rights as beneficial owner of Class Secured Property and Collateral Pool Secured Property**

(A) Notwithstanding Condition 15.1, at any time before the Security constituted by the Trust Deed becomes enforceable, the Issuer may, without the sanction of an Extraordinary Resolution and without the prior written consent of the Trustee:

- (1) take such action in relation to the Class Secured Property relating to the ETP Securities as may be required by the Programme Documents or Collateral Pool Documents; and
- (2) exercise any rights incidental to the ownership of the assets which are the subject of the Security constituted by the Trust Deed which are exercisable by the Issuer and, in particular (but, without limitation, and without responsibility for their exercise), any voting rights in respect of such property and all rights to enforce any such ownership interests in respect of such property,

provided that the Issuer shall not exercise any rights with respect to such assets if it is directed to the contrary by the Trustee or by an Extraordinary Resolution and, if such direction is given, the Issuer shall act only in accordance with such direction.

(B) Notwithstanding Condition 15.1, at any time before the Security constituted by the Collateral Pool Security Deed becomes enforceable, the Issuer may, without the sanction of a Connected Classes Extraordinary Resolution and without the prior written consent of the Security Trustee:

- (1) take such action in relation to the Collateral Pool Secured Property as may be required by the Programme Documents or Collateral Pool Documents; and
- (2) subject to the terms of the relevant Swap Agreement and the relevant Collateral Administration Agreement, exercise any rights incidental to the ownership of the Collateral Pool Secured Property which are exercisable by the Issuer and, in particular (but, without limitation, and without responsibility for their exercise), any voting rights in respect of such property and all rights to enforce any such ownership interests in respect of such property,

provided that the Issuer shall not exercise any rights with respect to such assets if it is directed to the contrary by the Security Trustee or by a Connected Classes Extraordinary Resolution and, if such direction is given, the Issuer shall act only in accordance with such direction.

## 7. **Restrictions**

So long as any of the ETP Securities remain outstanding, the Issuer shall not, without the prior written consent of the Trustee, the Manager and (other than in respect of paragraphs (B), (C) and (F)), each Swap Provider:

- (A) engage in any business activities, save that the Issuer may without consent engage in any of the following activities (or any other business activity which relates to or is incidental thereto):
- (1) issue, enter into, amend, redeem, exchange or repurchase and cancel or reissue or resell all or some only of the ETP Securities of any Class under the Programme as may be provided in these Conditions and the Trust Deed and the Programme Documents and in connection therewith enter into or amend any Programme Documents or Collateral Pool Documents accordingly;
  - (2) acquire and own rights, property or other assets which are to comprise Class Secured Property for a Class of ETP Securities issued under the Programme, and any Collateral Pool Secured Property relating to a Swap Agreement entered into by it in relation to the Programme, so as to enable it to discharge its obligations under such Class, and any relevant Programme Document or Collateral Pool Document relating to such Class;
  - (3) perform its respective obligations under any ETP Securities issued under the Programme, and any relevant Programme Document or Collateral Pool Document entered into by it in connection with such Class, and any agreements incidental to the granting of Security relating to any such Class of ETP Securities or incidental to the issue and constitution of any Class of ETP Securities issued under the Programme;
  - (4) engage in any activity in relation to the Class Secured Property, Collateral Pool Secured Property, the Posted Collateral, any Swap Agreement, any Credit Support Document or any other Programme Document or Collateral Pool Document contemplated or permitted by the Conditions, a Swap Agreement or such Programme Document or Collateral Pool Document relating to any Class of ETP Securities;
  - (5) subject as provided in the relevant Trust Deed, the applicable Collateral Pool Security Deed and in the Conditions relating to any Class of ETP Securities enforce any of its rights whether under the relevant Trust Deed, the applicable Collateral Pool Security Deed, any other Programme Document, Collateral Pool Document or otherwise under any agreement entered into in relation to any Class of ETP Securities or any Class Secured Property or Collateral Pool Secured Property relating to any such Class;
  - (6) issue unsecured debt securities, on the conditions that (i) the proceeds of such debt securities shall be used by the Issuer to disburse loans to the holder(s) of such debt securities; and (ii) the holder of such debt securities shall have no right to enforce the obligations of the Issuer thereunder; and
  - (7) perform any other act incidental to or necessary in connection with any of the above (which shall include, without limitation, the appointment of auditors and any other administrative or management functions necessary to maintain the Issuer and/or to keep it operating and/or to comply with any laws, regulations or rules applicable to it);
- (B) cause or permit a Swap Agreement, any Credit Support Document or the terms of the Security granted under the Trust Deed or the applicable Collateral Pool Security Deed and the order of priority specified in the Conditions, the Trust Deed and the applicable Collateral Pool Security Deed, as applicable, to be amended, terminated or discharged (other than as contemplated by the relevant Trust Deed, Collateral Pool Security Deed, Swap Agreement, Credit Support Document and/or the Conditions relating to such Class of ETP Securities);
- (C) release any party to any Swap Agreement, any Credit Support Document, the relevant Trust Deed, the applicable Collateral Pool Security Deed or any other relevant Programme

Document or Collateral Pool Document relating to a Class of ETP Securities from any existing obligations thereunder (other than as contemplated by the relevant Trust Deed, Collateral Pool Security Deed, Swap Agreement, Credit Support Document and/or the Conditions relating to such Class of ETP Securities);

- (D) have any subsidiaries;
- (E) sell, transfer or otherwise dispose of any assets that are the subject of the Security constituted by the Trust Deed or each relevant Collateral Pool Security Deed or any other part of the Class Secured Property in respect of any Class of ETP Securities or Collateral Pool Secured Property in respect of a Swap Agreement or any right or interest therein or thereto or create or allow to exist any charge, lien or other encumbrance over such Class Secured Property or Collateral Pool Secured Property (to the extent it relates to the Issuer) except in accordance with the Conditions of the relevant ETP Securities of any such Class, the relevant Swap Agreement and/or any Credit Support Document relating to any such Class, the relevant Agency Agreement, the relevant Trust Deed for any such Class, the applicable Collateral Pool Security Deed and any other Programme Document or Collateral Pool document relating to any such Class as may be applicable;
- (F) consent to any variation of, or exercise any powers or consent or waiver pursuant to, the terms of any Swap Agreement, any Credit Support Document, the Conditions, the relevant Trust Deed, any Collateral Pool Security Deed or any other Programme Document or Collateral Pool Document relating to any Class of ETP Securities (other than as contemplated or permitted by the Conditions and the relevant Programme Documents or Collateral Pool Documents);
- (G) consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any person (other than as contemplated by the relevant Trust Deed, any Collateral Pool Security Deed and the Conditions for any Class of ETP Securities);
- (H) have any employees;
- (I) issue any shares (other than such shares in the capital of the Issuer as were issued at the time of its incorporation and which are held by the Share Trustee) or make any distribution to its shareholders;
- (J) declare any dividends;
- (K) open or have any interest in any account with a bank or financial institution unless such account (i) relates to a Class of ETP Securities, a Collateral Administration Agreement, a Swap Agreement or a Credit Support Document or any Class Secured Property or Collateral Pool Secured Property relating to a Class of ETP Securities or any party thereto and the Issuer's interest in such account is simultaneously charged in favour of the Trustee or the Security Trustee, as the case may be, so as to form part of the relevant Class Secured Property or Collateral Pool Secured Property relating to such Class of ETP Securities, or (ii) is opened in connection with the administration and management of the Issuer and only moneys necessary for that purpose are credited to it;
- (L) purchase, own, or otherwise acquire any real property (including office premises or like facilities);
- (M) guarantee, act as surety for or become obligated for the debts of any other entity or person or enter into any agreement with any other entity or person whereby it agrees to satisfy the obligations of such entity or person or any other entity or person;
- (N) acquire any securities or shareholdings whatsoever from its shareholders or enter into any agreements whereby it would be acquiring the obligations and/or liabilities of its shareholders;
- (O) except as contemplated by any relevant Programme Document, Collateral Pool Document, the Conditions relating to a Class of ETP Securities, and/or the agreements contemplated by paragraph (A)(6) above, advance or lend any of its moneys or assets, including, but not limited to, the rights, property or other assets comprising the Class Secured Property or

Collateral Pool Secured Property for any such Class of ETP Securities, to any other entity or person;

- (P) subject as provided in paragraph (A) above, incur any other indebtedness for borrowed moneys, other than (subject to Conditions 6 and 17) issuing further ETP Securities under the Programme (which may or may not form a single Class with the ETP Securities of any Class and may or may not be guaranteed by a third party) and creating or incurring further obligations relating to such ETP Securities, provided that:
- (1) if such further ETP Securities are not to form a single Class with any other Class of ETP Securities, such further ETP Securities and obligations are secured on assets of the Issuer other than (i) the assets which are the subject of the Security constituted by the relevant Trust Deed relating to any other Class of ETP Securities and (ii) the Issuer's share capital;
  - (2) such further ETP Securities and obligations are secured *pari passu* upon the assets which are the subject of the Security constituted by the relevant Trust Deed relating to the Class of ETP Securities with which such ETP Securities are to form a single Class and the assets which are the subject of the Security constituted by any Collateral Pool Security Deed relating to the Classes of ETP Securities with which such ETP Securities are to form a Connected Class (as such assets may be increased in each case in connection with the issue of such further ETP Securities), all in accordance with Condition 17 of the relevant Class of ETP Securities; and
  - (3) in connection with such issue of further ETP Securities, one or more Swap Provider(s) agree(s) to (a) increase the economic exposure under the relevant Swap Transaction(s) relating to the Class of ETP Securities with which such ETP Securities are to form a single Class or a Connected Class by a pro rata amount and/or (b) enter into new Swap Transaction(s) relating to the Class of ETP Securities with which such ETP Securities are to form a single Class or a Connected Class on equivalent terms to the relevant existing Swap Transaction(s),

provided that the Issuer shall not take any action (even where the prior written consent of the Trustee, the Manager and the Swap Provider(s) is obtained) if such action is, in the opinion of the Issuer, inconsistent with the objects of the Issuer as specified in its memorandum and articles of association.

## 8. **Redemption**

### 8.1 **Final Redemption**

Unless previously redeemed in whole as provided below, each ETP Security shall become due and payable on its Final Redemption Settlement Date at its Redemption Amount (provided that such amount may be payable in instalments in accordance with Condition 8.10).

### 8.2 **Optional Redemption**

- (A) An ETP Securityholder which is also an Authorised Participant may (subject as provided herein) on any Valuation Date require the Issuer to redeem all or part of its holding of ETP Securities at the Optional Redemption Amount by submitting to the Issuer a valid Redemption Order specifying either Index Pricing or Agreed Pricing and otherwise in accordance with the relevant Authorised Participant Agreement and the Operating Procedures Agreement.
- (B) An ETP Securityholder which is not also an Authorised Participant may (subject as provided herein) on any Valuation Date require the Issuer to redeem all or any part of its holding of such ETP Securities at the Optional Redemption Amount (which will, in all cases of Optional Redemption by ETP Securityholders who are not Authorised Participants, be calculated on the basis of Index Pricing) by submitting to the Issuer a valid Index Redemption Order only if the Issuer has notified the ETP Securityholders in accordance with Condition 18 in respect of any Valuation Date that redemption requests from ETP Securityholders which are not Authorised Participants will be permitted and no later notice to the contrary has yet been delivered. Any such announcement may be general or subject to conditions, and any such Index Redemption Order which is not in accordance with any

such conditions shall not be valid.

- (C) Any ETP Security that is subject to Optional Redemption in accordance with this Condition 8.2 as a result of the delivery of a Redemption Order, shall become due and payable on the relevant Optional Redemption Settlement Date at its Optional Redemption Amount.

### 8.3 Index Pricing

- (A) An Index Redemption Order shall only be valid if:
- (1) other than in the limited circumstances set out in Condition 8.2(B), it is delivered by an ETP Securityholder that is an Authorised Participant;
  - (2) it specifies the number and Class of any ETP Securities to be redeemed;
  - (3) it is received by the Issuer between 8.00 a.m. (London time) and the Notice Deadline on any Valuation Date;
  - (4) it specifies the Redemption Account into which the Optional Redemption Amount shall be payable in respect of any ETP Security to be redeemed;
  - (5) the number of ETP Securities to be redeemed would not result in any Maximum Daily Termination Limit, or any other applicable limitation on redemption under the Operating Prodecures Agreement, being exceeded (for the purposes of which, Index Redemption Orders shall be dealt with in order of their actual receipt by the Issuer), unless the relevant Swap Provider(s) nonetheless agree to that Maximum Daily Termination Limit, or other applicable limitation, being exceeded (and if no such Swap Provider does so agree, such Index Redemption Order will be valid under this Condition 8.3(A)(5) in respect of the greatest number of ETP Securities that would not result in any Maximum Daily Termination Limit being exceeded);
  - (6) the Index Redemption Order is received or deemed to have been received before the occurrence of a Compulsory Redemption Event;
  - (7) on the day it is received (or deemed to have been received by the Issuer) until the Optional Redemption Pricing Date (if different) none of the following events has occurred and is continuing:
    - (a) an event in respect of either the Issuer or a Swap Provider (the Affected Party, as defined in the Swap Agreement with such Swap Provider) which is an Event of Default or Potential Event of Default (as defined in such Swap Agreement) or, in relation to any Swap Transaction, relating to any ETP Securities which are the subject of the Index Redemption Order, an event which is, or with the giving of notice or the lapse of time or both would become, a Termination Event (as defined in such Swap Agreement); or
    - (b) such day being a Collateral Administrator Suspension Day in respect of each Swap Provider with whom the Issuer would need to terminate a Swap Transaction in whole or in part in a respect of any ETP Security which is the subject of such Index Redemption Order; or
    - (c) an Adjustment Event in relation to the applicable Index which is the subject of such Index Redemption Order, and as a result the Issuer is unable to effect the Termination of any Swap Transaction in respect the ETP Securities;
  - (8) it is not invalid pursuant to Condition 8.6; or
  - (9) unless the Issuer otherwise agrees in its absolute discretion, such Index Redemption Order is submitted by an Authorised Participant on any day and no other Index Redemption Order has been submitted by that Authorised Participant on or in respect of such day in respect of the same Class.
- (B) If the Issuer determines that an Index Redemption Order is invalid in whole or in part, it shall notify the ETP Securityholder of that fact as soon as reasonably practicable and no

ETP Securities may be redeemed pursuant to an Index Redemption Order that the Issuer has determined in its absolute discretion is invalid.

- (C) The Issuer shall not be obliged to redeem any ETP Securities pursuant to an Index Redemption Order where the Swap Provider in respect of the Swap Transaction entered into by the Issuer in connection with the ETP Securities or, in the case of a Multiple Swap Provider Class, one or more of the Swap Providers in respect of the Swap Transaction(s) entered into by the Issuer in connection with the ETP Securities, has not confirmed the Termination of the relevant proportion of such Swap Transaction(s) in accordance with the provisions of the Swap Provider Agreement and the Operating Procedures Agreement.
- (D) Where an Index Redemption Order is received by the Issuer on a Valuation Date after the Notice Deadline, such Index Redemption Order should be void unless the Issuer, in its sole and absolute discretion, to treat such Index Redemption Order as if it had been received by it prior to the Notice Deadline.
- (E) Within one Business Day after the Optional Redemption Pricing Date in respect of any Index Redemption Order, the Issuer shall notify the relevant ETP Securityholder of the Optional Redemption Amount payable in respect of ETP Securities which are the subject of that Index Redemption Order, calculated as provided above.
- (F) The Issuer may change or vary the procedures for the submission of Index Redemption Orders on five calendar days prior notice to the ETP Securityholders in accordance with Condition 18 and these Conditions shall be interpreted accordingly.

#### 8.4 **Agreed Pricing**

- (A) A Swap Provider and an Authorised Participant may submit an Agreed Redemption Order to the Issuer (either in one document or in separate documents). An Agreed Redemption Order is conclusive evidence that the Swap Provider and the Authorised Participant have agreed that the Issuer shall be required to redeem the number and Class (or Classes) of ETP Securities specified in such Agreed Redemption Order and shall be binding on the Issuer.
- (B) If a Swap Provider and an Authorised Participant submit an Agreed Redemption Order in separate documents:
  - (1) which are inconsistent with one another in relation to any of the items referred to in Conditions 8.5(D)(1) or 8.5(D)(2); or
  - (2) one of which is invalid under Condition 8.4(D),those documents shall not constitute a valid Agreed Redemption Order and the Issuer shall disregard the documents and advise the Swap Provider and the Authorised Participant accordingly.
- (C) Where an Agreed Redemption Order is submitted by an Authorised Participant and a Swap Provider in separate documents, the Issuer shall be deemed to have received the Agreed Redemption Order at the time that it is deemed to have received the second of the two documents.
- (D) An Agreed Redemption Order shall only be valid if:
  - (1) it sets out the number and Class of any ETP Securities to be redeemed;
  - (2) it sets out an Optional Redemption Settlement Date for such ETP Securities, which shall be not earlier than one London Business Day following the day on which the Agreed Redemption Order is received or deemed received by the Issuer;
  - (3) all regulatory approvals required by the Issuer in connection with the proposed redemption of ETP Securities have been received within one London Business Day following the date of receipt of such Agreed Redemption Order by the Issuer; and
  - (4) on the date it is received or deemed to be received by the Issuer none of the following events has occurred and is continuing:

- (a) an event in respect of either the Issuer or the relevant Swap Provider (the Affected Party as defined in the Swap Agreement with such Swap Provider) which is an Event of Default or Potential Event of Default (as defined in such Swap Agreement) or, in relation to any Swap Transaction entered into by the Issuer in connection with any ETP Securities which are the subject of the Agreed Redemption Order, an event which is, or with the giving of notice or the lapse of time or both would become, a Termination Event (as defined in such Swap Agreement); or
- (b) such day being a Collateral Administrator Suspension Day in respect of each Swap Provider with whom the Issuer would need to terminate a Swap Transaction in respect of any ETP Security which is the subject of such Agreed Redemption Order.

#### 8.5 Settlement of Optional Redemptions

The Issuer may at its discretion elect to satisfy requests for the Optional Redemption of ETP Securities by transfer of the appropriate number of ETP Securities to one or more Authorised Participants from ETP Securityholders requesting redemption, and for that purpose the Issuer may authorise any person on behalf of the ETP Securityholder to execute one or more instruments of transfer in respect of the relevant number of ETP Securities provided that the amount payable to the ETP Securityholder shall nonetheless be an amount equal to the relevant Optional Redemption Amount and the relevant Optional Redemption Settlement Date shall be the date of such transfer.

#### 8.6 Suspension of Optional Redemptions

- (A) If on any Valuation Date (a “**Threshold Event Date**”) the Price per ETP Security falls to less than 500 per cent. of the Principal Amount of the ETP Securities:
  - (1) the Issuer shall give notice convening a meeting of ETP Securityholders on a date not more than 30 calendar days after the Threshold Event Date for the purpose of considering an Extraordinary Resolution which would have the effect of reducing the Principal Amount of the ETP Securities to an amount which is not less than 2 per cent. of the Price per ETP Security as at the time of suspension of redemptions, in which event the suspension will cease only if such Extraordinary Resolution is passed; and
  - (2) the Issuer may at any time after the Threshold Event Date, for so long as the Price per ETP Security continues to be less than 500 per cent. of the Principal Amount of the ETP Securities, suspend the right to request redemption of ETP Securities on the basis of Index Pricing pursuant to Condition 8.2.
- (B) If a Swap Provider Event of Default has occurred and is continuing under a Swap Transaction entered into by the Issuer in connection with the ETP Securities, the Issuer may at any time and from time to time while such Swap Provider Event of Default is continuing suspend the right to request redemption of the ETP Securities on the basis of Index Pricing or Agreed Pricing pursuant to Condition 8.2.

In each case, subject as provided in this Condition 8.6, the Issuer may at its discretion terminate any such suspension at any time.

The following provisions shall apply where Optional Redemptions have been suspended:

- (i) the Issuer shall give notice of any such suspension and of the termination of any such suspension to the Programme Parties and, only where ETP Securityholders other than Authorised Participants are entitled to require Optional Redemption of ETP Securities pursuant to Condition 8.2(D), the ETP Securityholders in accordance with Condition 18, as soon as reasonably practicable, but the failure to give such any such notice shall not prevent the exercise of such discretions;
- (ii) any such suspension may continue for a period of up to 60 calendar days, and may continue thereafter at the discretion of the Issuer (1) in the case of a suspension pursuant to Condition 8.6(A)(2), if the Extraordinary Resolution referred to in Condition 8.6(A)(1)

above has not been passed; or (2) in the case of a suspension pursuant to Condition 8.6(B), for so long as the Swap Provider Event of Default is continuing; and

- (iii) any suspension shall not affect any Optional Redemption pursuant to an Index Redemption Order, the Optional Redemption Pricing Date for which had passed before the suspension commenced, but any Redemption Order in respect of ETP Securities submitted or deemed to be received on a Valuation Date when the right to request redemption of the ETP Securities pursuant to Condition 8.2 is suspended pursuant to this Condition 8.6 shall be invalid.

#### 8.7 Issuer Call Redemption Event

The Issuer may, on giving an irrevocable notice to the relevant Swap Provider(s) and the ETP Securityholders in accordance with Condition 18, elect to redeem all or some only of the ETP Securities and designate a Compulsory Redemption Date for such purposes, provided that the date designated as the Compulsory Redemption Date shall not be earlier than the fifth calendar day following the date of the relevant notice (such notice an “**Issuer Call Redemption Notice**”). In the event that only some of the outstanding ETP Securities are called for redemption pursuant to an Issuer Call Redemption Notice, a *pro rata* portion of each ETP Securityholder’s ETP Securities shall be subject to such redemption.

For the purposes of Condition 8.8, a Compulsory Redemption Event in the form of an “**Issuer Call Redemption Event**” will occur on the Compulsory Redemption Date designated in the Issuer Call Redemption Notice (or if such day is not a Valuation Date on the first following Valuation Date). The Issuer shall give a copy of the Issuer Call Redemption Notice to each of the Programme Parties on the same date as such notice is given to the relevant Swap Provider(s) and the ETP Securityholders.

#### 8.8 Compulsory Redemption Events

Each of the following events shall be a compulsory redemption event in respect of the ETP Securities (each a “**Compulsory Redemption Event**”):

- (A) *Index Adjustment/Disruption Redemption Event*: a Swap Transaction entered into by the Issuer in connection with the ETP Securities terminates in whole following the occurrence of a Market Disruption Event, a Severe Disruption Event, an Index Component Disruption Event (in the case of Commodity Securities only), an Index Modification, an Index Cancellation, an Index Disruption, a Change in Law, a Hedging Disruption, an Increased Cost of Hedging or a Severe Disruption Event (each, to the extent applicable, as defined in the Applicable Product Annex). For the purposes of Condition 8.8, a Compulsory Redemption Date will occur on the date of termination of such Swap Transaction;
- (B) *Threshold Redemption Event*: if on any Valuation Date falling on or after the 60<sup>th</sup> calendar day following a Threshold Event Date, the Price per ETP Security is less than 200 per cent. of the Principal Amount of such ETP Securities, the Issuer shall designate a Compulsory Redemption Date in respect of the ETP Securities;
- (C) *Termination of appointment of Agent or Authorised Participants*: any of the Determination Agent, the Issuing and Paying Agent, the Registrar, the Collateral Administrator and/or all of the Authorised Participants in relation to the ETP Securities resign their appointment or their appointment is terminated for any reason and no successor or replacement has been appointed at the time that such resignation or termination takes effect in accordance with the applicable Programme Document or Collateral Pool Document, and the Issuer gives notice (an “**Agent Redemption Event Notice**”) to the Programme Parties and the ETP Securityholders in accordance with Condition 18. For the purposes of Condition 8.8, a Compulsory Redemption Date will occur on the fifth London Business Day after the date of the Agent Redemption Event Notice;
- (D) *Publication failure*: if the Price per ETP Security in respect of the ETP Securities has not been published by or on behalf of the Issuer for 14 consecutive Non-Disrupted Valuation Dates (a “**Publication Failure Event**”) and the Trustee is notified in writing of such Publication Failure Event and directed in writing by holders of at least one-fifth in number of the ETP Securities then outstanding (a “**Securityholder Notice and Direction**”) to give a notice under this Condition 8.8(D) to the Issuer, the Trustee will, provided that the Trustee

has been pre-funded and/or secured and/or indemnified to its satisfaction, give such notice (a “**Publication Event Redemption Notice**”) to the Issuer, copied to each of the Programme Parties. Any such notice and direction given to the Trustee pursuant to this Condition 8.8(D) by ETP Securityholders must be substantially in the form set out in the Agency Agreement which is available from the Issuing and Paying Agent, any Paying Agent and/or the Trustee. For the purposes of Condition 8.8, a Compulsory Redemption Date will occur on the fifth London Business Day following the date of the Publication Event Redemption Notice. The Trustee shall not be responsible for or liable to the Issuer, any ETP Securityholder or any Programme Party for investigating, verifying, determining or monitoring whether a Publication Failure Event has occurred or exists and, unless and until the Trustee receives a Securityholder Notice and Direction, the Trustee shall be entitled to assume that no such event has occurred;

- (E) *Change in Law or Regulation Redemption Event:* on or after the Class Issue Date (a) due to the adoption of or any change in any applicable law, regulation, rule, order, ruling or procedure (including, without limitation, any tax law and any regulation, rule, order, ruling or procedure of any applicable regulatory authority, tax authority and/or any exchange) or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer may give the Programme Parties and the ETP Securityholders in accordance with Condition 18 notice that the ETP Securities are to be redeemed and designate a Compulsory Redemption Date for such purposes, provided that the date designated as the Compulsory Redemption Date shall not be earlier than the fifth London Business Day following the date of the relevant notice (such notice an “**Issuer Redemption Notice**”), because:
- (1) it has (or reasonably expects that it will) become illegal for the Issuer to (x) hold, acquire or dispose of all of the types of Eligible Collateral, and/or (y) perform its obligations under the ETP Securities and/or any relevant Swap Agreement; or
  - (2) the Issuer would (or would expect to) incur a materially increased cost in performing its obligations under the ETP Securities and/or any relevant Swap Agreement (including, without limitation, any increase in any applicable Taxes, any decrease in any applicable tax benefit and/or any other costs or liability to Tax of the Issuer relating to any change in any applicable tax law or regulation);
- (F) *Swap Termination Event:* an Early Termination Date (as defined in the relevant Swap Agreement) occurs or is designated by either the Issuer or the relevant Swap Provider on which a Swap Transaction relating to the ETP Securities is to terminate in whole prior to its scheduled date of termination, and (where applicable) such Swap Transaction is not replaced in accordance with Condition 9.4(A), in circumstances which do not constitute an Event of Default pursuant to Condition 13 and other than as a consequence of the early redemption of the ETP Securities. For the purposes of Condition 8.8, a Compulsory Redemption Date will occur on the Early Termination Date of the relevant Swap Transaction; and
- (G) *Issuer Call Redemption Event:* an Issuer Call Redemption Event occurs pursuant to Condition 8.7.

Notwithstanding anything to the contrary in the Conditions or any Programme Document or Collateral Pool Document, if at any time following the occurrence of a Compulsory Redemption Event (the “**Initial Early Redemption Event**”) an event or circumstance which would otherwise constitute or give rise to a Compulsory Redemption Event occurs (the “**Secondary Early Redemption Event**”) in respect of which the Compulsory Redemption Date relating thereto occurs (or would occur) prior to the date that would have been the Compulsory Redemption Date in respect of the Initial Early Redemption Event, the Secondary Early Redemption Event shall prevail and all references to the “Compulsory Redemption Event” in the Conditions, the Programme Documents and the Collateral Pool Documents shall be construed accordingly.

## 8.9 **Compulsory Redemption Amount**

If any of the Compulsory Redemption Events listed in Condition 8.8 occur each ETP Security shall become due and payable on the related Compulsory Redemption Settlement Date at its

Compulsory Redemption Amount (provided that such amount may be payable in instalments in accordance with Condition 8.10).

The Issuer shall give notice to the ETP Securityholders of the Compulsory Redemption Date, and the Compulsory Redemption Settlement Date of the ETP Securities as soon as reasonably practicable in accordance with Condition 18.

#### 8.10 **Payment of Redemption Amount or Compulsory Redemption Amount in instalments**

The Redemption Amount payable in respect of an ETP Security pursuant to Condition 8.1, or the Compulsory Redemption Amount payable in respect of an ETP Security pursuant to Condition 8.9, may be payable in instalments over a period of successive Currency Business Days commencing on and including the applicable Redemption Settlement Date, each such daily instalment being an amount equal to the Daily Instalment Amount (or, in the case of a Multiple Swap Provider Class, the sum of the Daily Instalment Amounts in respect of each Swap Provider).

“**Daily Instalment Amount**” means, in respect of an ETP Security and a Swap Provider on any day, an amount equal to such ETP Security’s pro rata share of the Maximum Daily Termination Payment (if applicable) for that Swap Provider (calculated on the basis of the ratio of (i) the portion of the Redemption Amount or Compulsory Redemption Amount, as the case may be, payable in respect of such ETP Security (converted into euros if necessary) to be funded from payments under Swap Transactions with that Swap Provider; to (ii) the aggregate of the portions of the Redemption Amounts or Compulsory Redemption Amounts (in each case, converted into euros if necessary), as the case may be, payable in respect of the ETP Securities of all Connected Classes to be funded from payments under Swap Transactions with that Swap Provider (in each case to the extent not previously paid as at such day)).

### 9. **Swap Agreements, Swap Transactions and Credit Support Documents**

#### 9.1 **Swap Agreements and Swap Transactions**

In connection with the issue of the ETP Securities, the Issuer shall on the Class Issue Date enter into one or more Swap Transactions under a Swap Agreement with one or more Swap Providers pursuant to which the Swap Provider(s) will make certain payments in connection with the amounts payable by the Issuer under the ETP Securities. Pursuant to the Credit Support Document entered into between the Issuer and each Swap Provider, such Swap Provider shall be required to transfer Posted Collateral to the Issuer in respect of the Issuer’s total economic exposure to it under all Swap Transactions entered into under the Swap Agreement between them. In connection with the issue of any additional Tranche of ETP Securities issued after the Class Issue Date, the economic exposure under each relevant Swap Transaction will be increased, or new Swap Transaction(s) shall be entered into, in aggregate, in proportion to the increase in the number of outstanding ETP Securities and also any change in the Price per ETP Security.

#### 9.2 **Transfer of Swap Agreement**

At any time prior to the occurrence of a Swap Provider Event of Default or a Swap Provider Termination Event in respect of a Swap Provider, such Swap Provider may novate, assign or otherwise transfer the Swap Agreement (including the Credit Support Document) entered into with that Swap Provider, or one or more of the Swap Transactions thereunder, to one or more Eligible Swap Providers (the “**Swap Transferee(s)**”), provided that:

- (A) the Swap Provider and the Swap Transferee(s) enter into arrangements satisfactory to the Issuer in accordance with the Swap Agreement and the Credit Support Document and any other arrangements required by the Issuer (including, without limitation, the provision of such legal opinion as the Issuer may require);
- (B) each Swap Transferee posts Eligible Collateral with the Issuer in the amount required by the Credit Support Document between the Issuer and such Swap Transferee;
- (C) following such transfer the Swap Agreement(s) and the Credit Support Document(s) with the Swap Transferee(s) are subject to the Security on the same terms *mutatis mutandis* as the Swap Agreement and the Credit Support Document with the relevant Swap Provider prior to such transfer and shall form part of the Collateral Pool Secured Property; and

- (D) not less than 10 calendar days' prior notice of any such transfer is given to ETP Securityholders in accordance with Condition 18.

To the extent that it relates to the Swap Agreement and/or the Credit Support Document with the Swap Provider, the Security shall be released in connection with any such transfer.

### 9.3 Term of the Swap Transaction

As at the Class Issue Date, each Swap Transaction entered into by the Issuer in relation to that Class shall have a scheduled term which may be shorter than the term of the ETP Securities of such Class (the "**Initial Swap Term**"). No later than the day that falls one year prior to the last day of the Initial Swap Term or Extended Swap Term (as defined below) the Swap Provider will elect (i) to extend the term of the Swap Transaction for a period of its choosing but being a period of not less than one calendar year and not more than the period remaining to the Final Redemption Date (such period, the "**Extended Swap Term**") or (ii) for the Swap Transaction to terminate at the end of the Initial Swap Term or Extended Swap Term, as applicable. If the Swap Provider does not elect to terminate the Swap Transaction, it will be deemed to have elected to extend the term of the Swap Transaction for a period of one year. Each Swap Provider will have the right to terminate a Swap Transaction upon not less than one year's written notice to the Issuer.

### 9.4 Replacement of Swap Transactions

- (A) If, pursuant to the terms of any Swap Agreement relating to the ETP Securities, (i) a Swap Transaction Early Termination Event or (ii) a Scheduled Swap Termination Event occurs in respect of any one or more Swap Transaction(s) (in part or in whole but other than in connection with a redemption of the ETP Securities pursuant to Condition 8.2, Condition 8.7, Condition 8.8 or Condition 13 or save where the Conditions provide otherwise) (each such Swap Transaction or part thereof, as applicable, a "**Terminated Transaction**"), the Issuer shall be required to use reasonable endeavours to enter into one or more replacement Swap Transactions in respect of the ETP Securities (any such transaction, a "**Replacement Transaction**") with one or more Eligible Swap Providers (i) in the case of a Scheduled Swap Termination Event, prior to the scheduled termination date of the relevant Swap Transaction; and (ii) in the case of a Swap Transaction Early Termination Event, on or prior to the 30<sup>th</sup> calendar day following the occurrence of such Swap Transaction Early Termination Event (such date, the "**Swap Replacement Period End Date**"), and the Replacement Transactions shall only be effective if (i) the economic terms of the Replacement Transaction(s) are in aggregate materially the same as the economic terms of the Terminated Transaction(s), (ii) the Posted Collateral in respect of the Replacement Transaction(s) is of the same type of Eligible Collateral as comprised in the Posted Collateral in respect of the Terminated Transaction(s), (iii) following such replacement the Swap Agreement(s) and/or Credit Support Document(s), as applicable, that have been entered into with the replacement Swap Provider(s) are subject to the Security on the same terms mutatis mutandis as prior to such replacement and shall form part of the Collateral Pool Secured Property under the Collateral Pool Security Deed between the Issuer and the relevant Swap Provider which has entered into a Replacement Transaction with the Issuer, and (iv) the Issuer pays in full all early termination amounts that are payable by it under any Terminated Transactions on the early termination date thereof, which shall be on or before the effective date of any Replacement Transactions.
- (B) If the Issuer has been unable to enter into one or more Replacement Transactions to replace the Terminated Transactions in full on or prior to the applicable Swap Replacement Period End Date in accordance with the requirements of Condition 9.4(A) above, then in the case of a Multiple Swap Provider Class of ETP Securities, the Issuer shall be entitled to exercise its option under Condition 17.2 to divide the ETP Securities into separate Classes. If, on or before the Swap Replacement Period End Date a Terminated Transaction has not been replaced and, if applicable, after the exercise of the Issuer's option under Condition 17.2, it remains the case that a Swap Transaction in respect of the ETP Securities is a Terminated Transaction, then the Issuer shall give notice as soon as reasonably practicable to the Trustee, the other Programme Parties and the ETP Securityholders of the termination and non-replacement of such Terminated Transaction (such notice, a "**Swap Transaction Termination Notice**").

For the purposes of Condition 13.1, a "**Swap Provider Default Redemption Event**" will occur on the date of any Swap Transaction Termination Notice delivered in connection with

an Event of Default (as defined in the relevant Swap Agreement) in respect of which the relevant Swap Provider is the Defaulting Party (as defined in the relevant Swap Agreement).

(C) For the purposes of this Condition 9.4:

- (1) a “**Swap Transaction Early Termination Event**” will occur if the Issuer is entitled to designate an Early Termination Date (as defined in the relevant Swap Agreement) in respect of one or more relevant Swap Transactions as a result of the occurrence of an Event of Default or a Termination Event (each as defined in the relevant Swap Agreement) having occurred under such Swap Agreement where the sole Defaulting Party or the sole Affected Party (each as defined in the relevant Swap Agreement) as applicable is the relevant Swap Provider; and
- (2) a “**Scheduled Swap Termination Event**” will occur if a Swap Transaction related to the ETP Securities terminates in accordance with its terms (either because such Swap Transaction has reached its scheduled termination date and the relevant Swap Provider has elected not to extend such term, or such Swap Provider has exercised any right to terminate such Swap Transaction in accordance with the terms thereof) before the Final Redemption Date of the ETP Securities.

#### 9.5 **Substitution of Posted Collateral**

The terms of each Swap Agreement provide that any Eligible Collateral held in the relevant Swap Provider Collateral Pool may be replaced by other Eligible Collateral of equivalent value on a daily basis at the direction of the relevant Swap Provider.

### 10. **Disrupted Days, adjustments and postponement**

#### 10.1 **Disruption Events and Determination of Index Level**

If the Swap Calculation Agent determines pursuant to the Swap Agreement(s) that a Valuation Date is a Disrupted Day, then:

- (A) the calculation and publication of the Price per ETP Security in respect of such Valuation Date will be postponed to the next following Valuation Date that is not a Disrupted Day;
- (B) the Issuer shall use reasonable efforts, to the extent that all required information is available to it, to publish an indicative price in respect of each ETP Security on the Issuer’s Website, solely for information purposes; and
- (C) if each of the eight following Valuation Dates (or, in the case of a Severe Disruption Event, three following Valuation Dates) is a Disrupted Day, the Price per ETP Security in respect of such Valuation Date will be calculated by the Determination Agent using the Index Price calculated in respect of such Valuation Date by the Swap Calculation Agent under the relevant Swap Agreement, notwithstanding that an official closing level for the Index may be published by the Index Sponsor for such Valuation Date.

#### 10.2 **Postponement of Settlement of Subscriptions and Optional Redemptions**

- (A) If a Subscription Order or an Index Redemption Order (which is determined to be valid in accordance with the terms of the Operating Procedures Agreement) is received by the Issuer on a Valuation Date which is a Disrupted Day, then such Subscription Order or Index Redemption Order shall be deemed to have been received by the Issuer on the day on which the Price per ETP Security is deemed to be determined in respect of that Valuation Date in accordance with the Applicable Product Annex. No additional amount shall be payable to any Authorised Participant (or any ETP Securityholder acquiring ETP Securities from, or selling ETP Securities to, an Authorised Participant) in connection with the postponement of Subscription Settlement Date or Optional Redemption Settlement Date, as applicable.
- (B) A Subscription Order delivered by an Authorised Participant which has been deferred in accordance with Condition 10.2(A) may be withdrawn by that Authorised Participant in accordance with the Operating Procedures Agreement. An Index Redemption Order delivered by an Authorised Participant which has been deferred in accordance with

Condition 10.2(A) may, if so agreed by that Authorised Participant and each applicable Swap Provider, be replaced by an Agreed Redemption Order on equivalent terms.

### 10.3 Adjustments

- (A) If the Swap Calculation Agent determines that an Index Cancellation, Index Modification or Index Disruption (each as defined in the Applicable Product Annex, and any such event, an “**Adjustment Event**”) has occurred, the Issuer will, as soon as reasonably practicable, determine in good faith and in a commercially reasonable manner (i) whether in its opinion it is appropriate to make one or more adjustments to the terms of the Conditions of the ETP Securities to account for the economic effect on the Swap Transaction and the ETP Securities of the relevant Adjustment Event and (ii) the nature and effective date of such adjustment(s), and shall notify the Programme Parties and, in accordance with Condition 18, the ETP Securityholders of the occurrence of such Adjustment Event and the details of such adjustments to the Conditions and any related adjustments to the terms of the Swap Transaction(s) (including the designation of a Successor Index, if applicable) as soon as reasonably practicable upon making such determinations.
- (B) With effect from the effective date of any such adjustment, the Issuer and the Programme Parties shall take into account the relevant adjustment(s) so notified to it when making any determination and/or calculation it is required to make under the Conditions and the terms of the relevant Programme Documents, as appropriate, and the Conditions of the ETP Securities and the terms of the Programme Documents shall be construed accordingly. Neither the consent of the Trustee nor the consent of the ETP Securityholders will be required for any such adjustment to the Conditions of the ETP Securities, provided that no such adjustment or amendment may be made which would, in the Trustee’s opinion, impose more onerous obligations on the Trustee without its consent.

## 11. Payments, calculations, Agents and records

### 11.1 Payments net of Taxes

All payments in respect of the ETP Securities shall be made net of and after allowance for any withholding or deduction for, or on account of, any Taxes. In the event that any withholding or deduction for, or on account of, any Tax applies to payments in respect of the ETP Securities, the ETP Securityholders will be subject to such Tax or deduction and shall not be entitled to receive amounts to compensate for any such Tax or deduction. No Event of Default shall occur as a result of any such withholding or deduction.

### 11.2 Payments

- (A) Payments of Principal in respect of Definitive Securities will, subject to Conditions 11.2(C) and 11.3, be made against presentation and surrender of the relevant ETP Securities at the specified office of any Paying Agent outside the United States, by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to, an account denominated in such currency with a Bank. “**Bank**” means a bank in the principal financial centre of the currency of payment or, in the case of euros, a city in which banks in general have access to the TARGET2 System.
- (B) For as long as the ETP Securities are represented by a Global Security deposited with a Relevant Clearing System and held by the Relevant Clearing System or a common depository, common safekeeper or nominee, as applicable, on behalf of the Relevant Clearing System, the obligations of the Issuer under the Conditions to make payments in respect of the ETP Securities will be discharged by payment to, or to the order of, the holder of the Global Security, subject to and in accordance with the terms of such Global Security. Each of the persons shown in the records of the Relevant Clearing System as owning ETP Securities represented by such Global Security must look solely to the Relevant Clearing System for his share of any payment made by the Issuer to or to the order of the holder of the Global Security. Payments made to any person shown in the records of the Relevant Clearing System as owning any ETP Security represented by the Global Security shall be subject to and made in accordance with the rules of the Relevant Clearing System.

- (C) Notwithstanding the foregoing, for so long as the ETP Securities are represented by a Global Security, if any amount payable in respect of such ETP Securities is payable in U.S. dollars, such U.S. dollar payments shall be made at the specified office of a Paying Agent in the U.S. if:
- (1) the Issuer has appointed Paying Agents with specified offices outside the U.S. with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the U.S. of the full amount due in respect of the ETP Securities in the manner provided above when due;
  - (2) payment of the full amount due at all such specified offices outside the U.S. is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of the amount due in U.S. dollars; and
  - (3) such payment is then permitted under U.S. law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

### 11.3 **Payments subject to fiscal laws**

All payments in respect of the ETP Securities are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment. No commission or expenses shall be charged to the ETP Securityholders in respect of such payments.

### 11.4 **Calculations**

- (A) The Determination Agent will, as soon as reasonably practicable on such date and/or at such time as the Determination Agent is required in accordance with the Determination Agency Agreement and the Conditions and any other Relevant Provisions, perform such duties and obligations as are required to be performed by it in accordance therewith.
- (B) The calculation by the Determination Agent of any amount, price, rate or value required to be calculated by the Determination Agent under the Relevant Provisions shall be made in good faith and shall (in the absence of manifest error) be final and binding on the Issuer, the ETP Securityholders and the Programme Parties.

### 11.5 **Calculation by Trustee**

If at any time after the Security has become enforceable pursuant to Condition 6.3 and the Determination Agent does not make any calculation relating to the Price per ETP Security, Redemption Amount, Optional Redemption Amount or Compulsory Redemption Amount when required pursuant to the Conditions and the Programme Documents, then the Trustee may appoint an agent on its behalf to make any calculation in place of the Determination Agent provided that the Trustee shall have been pre-funded and/or secured and/or indemnified to its satisfaction. Any such calculation made on behalf of the Trustee shall for the purposes of the Conditions and the Programme Documents be deemed to have been made by the Determination Agent. In doing so, the appointed agent shall apply the provisions of the Conditions and/or the relevant Programme Document(s), with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects it shall do so in such manner as it shall deem fair and reasonable in the circumstances. In the absence of fraud, negligence and wilful default, the Trustee directly or its agent shall not be liable (whether directly or indirectly, in contract, in tort or otherwise) to the Issuer, the ETP Securityholders or any Programme Party for any calculation (or any delay in making any calculation) so made.

### 11.6 **Determination Agent**

- (A) Subject as provided in the Conditions and the Determination Agency Agreement, the Issuer shall use all reasonable efforts to procure that there shall at all times be a Determination Agent for so long as any of the ETP Securities are outstanding. If the Determination Agent resigns or its appointment is terminated for any reason, the Issuer shall use all reasonable efforts to appoint a reputable entity that provides services of a similar type to those required of the Determination Agent under the Relevant Provisions or a leading bank or investment banking firm (acting through its principal London office or any other office actively involved in such market) engaged in the interbank market (or, if appropriate, money, swap, commodity or over-the-counter commodity futures and options or index options market) that

the Issuer reasonably determines is capable of making the calculation(s) required to be made by the Determination Agent under the Relevant Provisions to act as such in its place.

- (B) The Determination Agent shall not be liable (whether directly or indirectly, in contract, in tort or otherwise) to the Issuer, any ETP Securityholder, any other Programme Party or any other person for any Loss incurred by any such person that arises out of or in connection with the performance by the Determination Agent of its obligations under the Determination Agency Agreement, the Conditions and the other Relevant Provisions provided that nothing shall relieve the Determination Agent from any Loss arising by reason of acts or omissions constituting bad faith, fraud or gross negligence of the Determination Agent (any such act or omission, a “**Determination Agent Breach**”).
- (1) If the Determination Agent would, but for the operation of this Condition 11.6(B)(1), be held liable for any Loss arising as the result of a Determination Agent Breach, the Determination Agent shall nevertheless incur no liability to the Issuer, any ETP Securityholder, any other Programme Party or any other person if such Determination Agent Breach results solely and directly from either (i) the failure by any other Programme Party to provide any notice, instruction or direction which such Programme Party is required or permitted to give under the Conditions or any relevant Programme Document or Collateral Pool Document or (ii) a delay in the delivery by any other Programme Party of any notice, instruction or direction which such Programme Party is required or permitted to give to the Determination Agent under the Conditions or any relevant Programme Document or Collateral Pool Document.
- (2) If the Determination Agent would, but for the operation of this Condition 11.6(B)(2), be held liable for any Loss arising as the result of a Determination Agent Breach, the Determination Agent shall nevertheless incur no liability to the Issuer, any ETP Securityholder, any other Programme Party or any other person if such Determination Agent Breach results solely and directly from the reliance by the Determination Agent upon a rate, amount, quotation, value or other calculation or determination notified to the Determination Agent pursuant to the Conditions and/or any relevant Programme Document or Collateral Pool Document which is made by another Programme Party in accordance with the Conditions and the terms of any relevant Programme Document or Collateral Pool Document.
- (C) The Determination Agent has no obligation towards or relationship of agency or trust with any ETP Securityholder.
- (D) The Determination Agent has no duties or responsibilities except those expressly set forth in the Conditions, the Determination Agency Agreement and the other Relevant Provisions and no implied or inferred duties or obligations of any kind will be read into the Determination Agency Agreement against or on the part of the Determination Agent. The Determination Agent will not, and will not be deemed to, assume or be liable for the obligations or duties of the Issuer or any other person under the Conditions, the Trust Deed or any other Programme Document or Collateral Pool Document unless otherwise agreed pursuant to the Relevant Provisions.

## 11.7 Appointment of Agents

Save as provided below, the Agents act solely as agents of the Issuer. The Agents do not assume any obligation or relationship of agency or trust for or with any ETP Securityholder. The Issuer reserves the right at any time with the prior written approval of the Trustee and in accordance with the provisions of the relevant Agency Agreement, the Determination Agency Agreement and/or a Collateral Administration Agreement, as applicable, to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, the Collateral Administrator or the Determination Agent and to appoint additional or other Paying Agents, Registrars, Transfer Agents, Collateral Administrators or Determination Agents. Without prejudice to the provisions for the automatic termination of the appointment of an Agent in connection with the occurrence of an insolvency or similar event or proceedings in the relevant Programme Documents or Collateral Pool Documents, the Issuer shall use reasonable endeavours to at all times maintain (i) an Issuing and Paying Agent and a Registrar, (ii) a Determination Agent, (iii) a Collateral Administrator, (v) such other agents as may be required by any stock exchange on which the ETP Securities may be listed, in each case, as approved by the Trustee, and (iv) a Paying Agent with a specified office in a

European Union member state that will not be obliged to withhold or deduct any tax pursuant to any law implementing Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000. Notice of any change of Agent or any change to the specified office of an Agent shall promptly be given to the ETP Securityholders by the Issuer in accordance with Condition 18.

Pursuant to the terms of the Trust Deed, at any time after an Event of Default or a Potential Event of Default has occurred in relation to the ETP Securities, the Trustee may (i) by notice in writing to the Issuer, the Issuing and Paying Agent and any other Paying Agents, the Registrar, any Transfer Agents and/or the Determination Agent, require any and all of such Agents, until notified by the Trustee to the contrary, so far as permitted by applicable law to (a) act as agent of the Trustee under the Trust Deed and the ETP Securities *mutatis mutandis* on the terms of the Agency Agreement or Determination Agency Agreement, as applicable (with consequential amendments as necessary) and except that the Trustee's liability for the indemnification, remuneration and all other expenses of such Agents (if any) shall be limited to the amounts for the time being held by the Trustee in respect of the ETP Securities on the terms of the Trust Deed and which are available (after application in accordance with the relevant order of priority set out in Condition 6.6) to discharge such liability); or (b) deliver the ETP Securities and all moneys, documents and records held by them in respect of the ETP Securities to or to the order of the Trustee or as the Trustee directs in such notice, and (ii) by notice in writing to the Issuer require it to make all subsequent payments in respect of the ETP Securities to or to the order of the Trustee and not to the Issuing and Paying Agent and/or the Registrar (as the case may be) with effect from the receipt of any such notice by the Issuer; and from then until such notice is withdrawn, proviso (1) of Condition 6.1(A) shall cease to have effect.

Pursuant to the terms of each Collateral Pool Security Deed, at any time after the Security constituted by such Collateral Pool Security Deed has become enforceable, the Security Trustee may by notice in writing to the Issuer and any Liquidation Agent, require the Liquidation Agent, until notified by the Security Trustee to the contrary, so far as permitted by applicable law to (a) act as agent of the Security Trustee under the applicable Collateral Pool Security Deed, *mutatis mutandis* on the terms of the agreement pursuant to which the Liquidation Agent is appointed, as applicable (with consequential amendments as necessary) and except that the Security Trustee's liability for the indemnification, remuneration and all other expenses of such agents will be limited to the amounts for the time being held by the Security Trustee in respect of the applicable Collateral Pool Security Deed and which are available (after application in accordance with the relevant order of priority set out in Condition 6.6) to discharge such liability); or (b) deliver assets forming part of, or documents evidencing or representing, the Collateral Pool Secured Property, to the Security Trustee or as the Security Trustee directs in such notice.

#### **11.8 Business day convention and non-Payment Business Days**

- (A) If any date for payment in respect of any ETP Security is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day or to any interest or other sum in respect of such postponed payment.
- (B) If any date referred to in the Conditions would otherwise fall on a day that is not a Valuation Date, then such date shall be postponed to the next day that is a Valuation Date.

#### **11.9 Records**

For so long as the ETP Securities are represented by a Global Security in NGN form, the records of the Relevant Clearing Systems (which expression in this Condition 11.9 means the records that each Relevant Clearing System holds for its customers which reflect the amount of such customers' interests in the ETP Securities) shall be conclusive evidence of the number of the ETP Securities represented by the Global Security and, for these purposes, a statement issued by the Relevant Clearing System (which statement shall be made available to the bearer upon request) stating the number of ETP Securities represented by the Global Security at any time shall be conclusive evidence of the records of the Relevant Clearing System at that time.

#### **11.10 Negotiability of Global Bearer Security**

If the ETP Securities are Bearer Securities represented by a Global Bearer Security, the Global Bearer Security is a bearer document and negotiable and accordingly:

- (A) is freely transferable by delivery and such transfer shall operate to confer upon the transferee all rights and benefits appertaining hereto and to bind the transferee with all obligations appertaining hereto pursuant to these Conditions;
- (B) the holder of the Global Bearer Security is and shall be absolutely entitled as against all previous holders to receive all amounts by way of amounts payable upon redemption or otherwise payable in respect of the Global Bearer Security and the Issuer waives as against such holder and any previous holder of the Global Bearer Security all rights of set-off or counterclaim that would or might otherwise be available to it in respect of the obligations evidenced by the Global Bearer Security; and
- (C) payment upon due presentation of the Global Bearer Security will operate as a good discharge against such holder and all previous holders of the Global Bearer Security.

12. **Prescription**

Claims against the Issuer for payment under the Conditions in respect of the ETP Securities shall be prescribed and become void unless made within 10 years from the date on which the payment of Principal in respect of the ETP Securities first became due or (if any amount of the money payable was improperly withheld or refused) the date on which payment in full of the amount outstanding was made or (if earlier) the date seven days after that on which notice is duly given to the ETP Securityholders that, upon further presentation of the Security being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation (such date the “**Relevant Date**”) save that if the ETP Securities are in global bearer form claims in respect of Principal in respect of the relevant Global Bearer Security shall become void unless the Global Bearer Security is presented for payment within a period of 10 years from the appropriate Relevant Date.

13. **Events of Default**

13.1 If any of the following events (each, an “**Event of Default**”) occurs, the Trustee at its discretion may, or will (i) in the case of an Event of Default under Condition 13.1(H), or (ii) in the case of any other Event of Default, if so directed in writing by holders of at least one-fifth in number of the ETP Securities then outstanding or if so directed by an Extraordinary Resolution (provided that in each case the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer (copied to each Programme Party) (such notice an “**Event of Default Redemption Notice**”) that the ETP Securities are, and they shall immediately become, due and payable at their Redemption Amount:

- (A) the Issuer defaults in the payment of any sum due in respect of the ETP Securities or any of them for a period of 14 calendar days or more;
- (B) the Issuer does not perform or comply with any one or more of its obligations (other than a payment obligation) under the ETP Securities, the Trust Deed, any other Programme Document or the Collateral Pool Security Deed, which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not remedied within 30 calendar days (or such longer period as the Trustee may permit) after notice of such default shall have been given to the Issuer by the Trustee (and, for these purposes, a failure to perform or comply with an obligation shall be deemed to be remediable notwithstanding that the failure results from not doing an act or thing by a particular time);
- (C) any order shall be made by any competent court or any resolution passed for the winding-up or dissolution of the Issuer, save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms previously approved in writing by the Trustee or by an Extraordinary Resolution;
- (D) an examiner is appointed in respect of the Issuer;
- (E) a Swap Transaction entered into by the Issuer in connection with such ETP Securities terminates following the occurrence of an Event of Default (as defined in the relevant Swap Agreement) with respect to the Issuer as Defaulting Party (as defined in the relevant Swap Agreement);
- (F) a Swap Provider Default Redemption Event occurs in accordance with Condition 9.4(B);

- (G) either (i) an ISDA Credit Derivatives Determinations Committee announces that it has resolved that a Bankruptcy Credit Event (as defined in the 2003 ISDA Credit Derivatives Definitions) has occurred with respect to the Collateral Administrator or (ii) the Collateral Administrator becomes subject to Bankruptcy (as defined in the ISDA 2002 Master Agreement) proceedings; or
- (H) the Issuer fails to pay any termination payment due and payable by it to a Swap Provider in the event of the replacement of one or more Terminated Transactions pursuant to Condition 9.4.

The Issuer will, as soon as reasonably practicable after receipt of any Event of Default Redemption Notice, give notice thereof to the ETP Securityholders in accordance with Condition 18 and to the Authorised Participant(s).

The Issuer has undertaken in the Trust Deed that, on each anniversary of the issue date of the first Class of ETP Securities issued under the Programme and also within 14 calendar days after any request by the Trustee, it will send to the Trustee a certificate signed by a Director of the Issuer to the effect that as at a date not more than five calendar days prior to the date of the certificate no Event of Default, or event or circumstance that could with the giving of notice, lapse of time and/or issue of a certificate become an Event of Default, has occurred.

- 13.2 The Trustee will (provided that the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction) give notice to the Issuer (copied to each Programme Party) (such notice an “**Connected Class Acceleration Notice**”) that the ETP Securities are, and they shall immediately become, due and payable at their Redemption Amount if any Connected Class is declared due and payable prior to its scheduled date of redemption as a result of an event of default pursuant to the terms and conditions thereof. The Issuer will, as soon as reasonably practicable after receipt of any Connected Class Acceleration Notice, give notice thereof to the ETP Securityholders in accordance with Condition 18 and to the Authorised Participant(s).

#### 14. **Enforcement**

Pursuant to the terms of the Trust Deed, only the Trustee may, at its discretion and without further notice, take such action or step or institute such proceedings against the Issuer, as it may think fit to enforce the rights of the holders of the ETP Securities against the Issuer whether the same arise under general law, the Trust Deed or the ETP Securities, any other Programme Document or otherwise, but, in each case, it need not take any such action or step or institute proceedings unless in accordance with the terms of the Trust Deed, the Trustee is so directed by an Extraordinary Resolution or in writing by holders of at least one-fifth in number of the ETP Securities then outstanding and it shall have been secured and/or pre-funded and/or indemnified to its satisfaction.

Pursuant to each Collateral Pool Security Deed, only the Security Trustee may, at its discretion, and shall, if so directed in writing by the relevant Swap Provider or by the holders of at least one fifth in Principal Amount of the ETP Securities of the Connected Classes taken together or by a Connected Classes Extraordinary Resolution, subject to its having been pre-funded and/or secured and/or indemnified to its satisfaction by the ETP Securityholders of the Connected Classes (or, failing which, the relevant Swap Provider provided that, for the avoidance of doubt, the relevant Swap Provider shall have no obligation whatsoever to provide any such pre-funding, security or indemnity therefor), enforce the Security constituted by such Collateral Pool Security Deed.

None of the holders of the ETP Securities shall be entitled to proceed directly against the Issuer unless the Security Trustee, having become bound to proceed in accordance with the terms of the Trust Deed, fails or neglects to do so within a reasonable time and such failure is continuing.

None of the Collateral Pool Secured Creditors shall be entitled to proceed directly against the Issuer unless the Security Trustee, having become bound to proceed in accordance with the terms of the applicable Collateral Pool Security Deed, fails or neglects to do so within a reasonable time and such failure is continuing.

The ETP Securityholders acknowledge and agree that only the Trustee or the Security Trustee, as applicable, may enforce the Security over the Class Secured Property and the Collateral Pool Secured Property in accordance with, and subject to the terms of, the Trust Deed and each relevant Collateral Pool Security Deed.

The Trustee and the Security Trustee shall not be required to take any action in relation to the Security constituted by the Trust Deed and any Collateral Pool Security Deed which may (i) be illegal or contrary to any applicable law or regulation or (ii) cause it to expend or risk its own funds or otherwise incur any liability (including any personal liability) in the performance of its duties or in the exercise of any of its rights, powers and discretions, without first being indemnified and/or secured and/or prefunded to its satisfaction.

15. **Meetings of ETP Securityholders, modification, waiver, substitution and restrictions**

15.1 **Meetings of ETP Securityholders**

The Trust Deed contains provisions for convening meetings of the ETP Securityholders to consider any matter affecting their interests, including modification by Extraordinary Resolution of the ETP Securities (including these Conditions or the provisions of the Trust Deed insofar as the same may apply to such ETP Securities).

The quorum at any such meeting for passing an Extraordinary Resolution will be two or more ETP Securityholders or agents present in person holding or representing in the aggregate more than 50 per cent. of the number of the ETP Securities for the time being outstanding or, at any adjourned such meeting, two or more ETP Securityholders or agents present in person being or representing ETP Securityholders, whatever the number of the ETP Securities so held or represented, and an Extraordinary Resolution duly passed at any such meeting shall be binding on all the ETP Securityholders, whether present or not, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of maturity or redemption of the ETP Securities (ii) to reduce or cancel the principal amount payable on redemption of, the ETP Securities, (iii) to change any method of calculating the Redemption Amount, the Optional Redemption Amount or the Compulsory Redemption Amount, (iv) to change the currency or currencies of payment or Denomination of the ETP Securities, (v) to take any steps which as specified in the Trust Deed may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (vi) to modify the provisions concerning the quorum required at any meeting of ETP Securityholders or the majority required to pass an Extraordinary Resolution, (vii) to modify the provisions of the Trust Deed concerning this exception or (viii) to modify any other provisions specifically identified for this purpose in the Trust Deed, or an applicable relevant Collateral Pool Security Deed will only be binding if passed at a meeting of the ETP Securityholders, the quorum at which shall be two or more ETP Securityholders or agents present in person holding or representing in the aggregate not less than 75 per cent. of the number of ETP Securities for the time being outstanding, or at any adjourned meeting, two or more ETP Securityholders or agents present in person being or representing in the aggregate not less than 10 per cent. of the number of the ETP Securities so held or represented (provided that at an adjourned meeting convened for the purpose of reducing the Principal Amount of the ETP Securities following a Threshold Event Date, the quorum shall be two or more ETP Securityholders or agents whatever the number of ETP Securities so held or represented). The Holder of a Bearer Security or Registered Security in global form representing all of the ETP Securities for the time being outstanding will be treated as being two persons for the purposes of such quorum requirements. A resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the aggregate number of the ETP Securities for the time being outstanding shall for all purposes be as valid and effectual as an Extraordinary Resolution passed at a meeting of ETP Securityholders.

If a meeting relates to a Collateral Pool Document, references to a meeting of ETP Securityholders shall be to a meeting of ETP Securityholders of the relevant Connected Classes and such Connected Classes shall be deemed for the purposes of such meeting only to be a single class of ETP Securities and include, unless the context otherwise requires, any adjournment of such meeting and references to a number of ETP Securities of a particular Class shall be deemed to be references to the aggregate Principal Amount of ETP Securities of the Connected Classes.

15.2 **Modification of the relevant Programme Documents and Collateral Pool Documents**

- (A) (1) Subject to Condition 15.3(F), the Trustee may agree, without the consent of the ETP Securityholders, to (i) any modification to these Conditions, the Trust Deed and/or any other Programme Document to which the Trustee is a party which is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification, and any waiver or authorisation of any breach or proposed breach of any of these Conditions or any of the provisions of the Trust Deed and/or any other Programme Document to

which the Trustee is a party that is in the opinion of the Trustee not materially prejudicial to the interests of the ETP Securityholders. Any such modification, authorisation or waiver will be binding on the ETP Securityholders and, if the Trustee so requires, such modification will be notified by the Issuer to the ETP Securityholders in accordance with Condition 18 as soon as reasonably practicable.

- (2) The Issuer may agree, without of the consent of the Trustee or the ETP Securityholders, to any modification to these Conditions, the Trust Deed and/or any other Programme Document (whether or not the Trustee is a party thereto) which is not specifically stated therein to require the consent of the Trustee or the ETP Securityholders, including any modification which is made:
  - (1) in connection with the accession of a new Swap Provider or Authorised Participant to the Programme;
  - (2) in order to effect the transfer of any Swap Agreement, any Credit Support Document or any or any part of any Swap Transaction (or any position constituting any or any part of such Swap Transaction) to any Swap Transferee or to make amendments consequent upon such transfer; or
  - (3) to effect any adjustment to the Conditions of the ETP Securities and/or the terms of the Swap Transactions pursuant to Condition 10.3 as a consequence of the occurrence of an Adjustment Event provided that:
    - (a) the adjustments so agreed have the consequence that at the time of the adjustments there is no negative change to the Price per ETP Security in respect of the ETP Securities; and
    - (b) the adjustments do not take effect until at least three calendar days have elapsed after they are announced to the ETP Securityholders in accordance with Condition 18; or
  - (4) in order to amend the definition of "Eligible Credit Support" in a Credit Support Document.
- (B) (1) Pursuant to the terms of each Collateral Pool Security Deed, the Security Trustee may agree, without the consent of the ETP Securityholders of the Connected Classes but only with the prior written consent of the relevant Swap Provider, to (i) any modification to a Collateral Pool Document to which the Security Trustee is a party which is, in the opinion of the Security Trustee, of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification, and any waiver or authorisation of any breach or proposed breach of any of the provisions of the relevant Collateral Pool Document to which the Security Trustee is a party that is in the opinion of the Security Trustee not materially prejudicial to the interests of the ETP Securityholders of the Connected Classes. Any such modification, authorisation or waiver shall be binding on the ETP Securityholders of the Connected Classes and, if the Security Trustee so requires, such modification shall be notified by the Issuer to the ETP Securityholders of the Connected Classes in accordance with Condition 18 as soon as reasonably practicable.
- (2) The Issuer may agree, without the consent of the Security Trustee or the ETP Securityholders, to any modification to the Conditions, any Collateral Pool Security Deed and/or any other Collateral Pool Document (whether or not the Security Trustee is a party thereto) which is specifically stated therein not to require the consent of the Security Trustee or the ETP Securityholders, including any modification which is made:
  - (1) in connection with the accession of a new Swap Provider or Authorised Participant to the Programme;
  - (2) in order to effect the transfer of any Swap Agreement, any Credit Support Document or any part of any Swap Transaction (or any position

constituting any part of such Swap Transaction) to any Swap Transferee or to make amendments consequent upon such transfer; or

- (3) to effect any adjustment to the Conditions of the ETP Securities and/or the terms of the Swap Transactions pursuant to Condition 10.3 as a consequence of the occurrence of an Adjustment Event provided that:
  - (a) the adjustments so agreed have the consequence that at the time of the adjustments there is no negative change to the Price per ETP Security in respect of the ETP Securities; and
  - (b) the adjustments do not take effect until at least three calendar days have elapsed after they are announced to the ETP Securityholders in accordance with Condition 18; or
- (4) in order to amend the definition of "Eligible Credit Support" in a Credit Support Document.

### 15.3 Substitution

The Trustee may, without the consent of the ETP Securityholders, but subject to the prior consent of each Authorised Participant and each Swap Provider, agree to the substitution, in place of the Issuer (or of any previous substitute) as the principal debtor under the Trust Deed, the other Programme Documents or Collateral Pool Documents to which it is a party and the ETP Securities of each Class, of any other company (incorporated in any jurisdiction) (any such substitute company being the "**Substituted Obligor**"):

- (A) a deed is executed or undertaking given by the Substituted Obligor to the Trustee, in form and manner satisfactory to the Trustee, agreeing to be bound by the Trust Deed, any Collateral Pool Security Deed and the ETP Securities of each Class (with such consequential amendments as the Trustee may deem appropriate) as if the Substituted Obligor had been named in the Trust Deed, each Collateral Pool Security Deed and the ETP Securities as the principal debtor in place of the Issuer;
- (B) the Substituted Obligor assumes all rights, obligations and liabilities in relation to the Class Secured Property and the Collateral Pool Secured Property, acknowledges the Security created in respect thereof pursuant to the Trust Deed and any Collateral Pool Security Deed and takes all such action as the Trustee may require so that the Security and the Collateral Pool Secured Property constitutes a valid charge, pledge or other security interest over the Class Secured Property as was originally created by the Issuer for the obligations of the Substituted Obligor;
- (C) if any director of the Substituted Obligor certifies that it will be solvent immediately after such substitution, the Trustee need not have regard to the Substituted Obligor's financial condition, profits or prospects or compare them with those of the Issuer;
- (D) the Trustee will be satisfied (if it requires, by reference to legal opinions) that (a) all necessary governmental and regulatory approvals and consents necessary for or in connection with the assumption by the Substituted Obligor of liability as principal debtor in respect of, and of its obligations under, the ETP Securities of each Class and any Programme Document and Collateral Pool Document have been obtained and (b) such approvals and consents are at the time of substitution in full force and effect;
- (E) the Issuer and the Substituted Obligor will execute and the Issuer shall procure that each Swap Provider and any other Programme Party will execute such other deeds, documents and instruments (if any) as the Trustee may require in order that such substitution is fully effective and comply with such other requirements in the interests of the ETP Securityholders as the Trustee may direct;
- (F) in connection with any proposed substitution of the Issuer, the Trustee may, without the consent of the holders of the ETP Securities, agree to a change of the law from time to time governing such ETP Securities and/or the Supplemental Trust Deed and/or the Trust Deed and/or any Collateral Pool Security Deed, provided that such change of law, in the opinion

of the Trustee, would not be materially prejudicial to the interests of such ETP Securityholders;

- (G) the Issuer and the Substituted Obligor comply with such other requirements as the Trustee may direct in the interests of the ETP Securityholders; and
- (H) a legal opinion satisfactory to the Trustee is provided concerning any proposed substitution.

An agreement by the Trustee pursuant to this Condition 15.3 and the Trust Deed will, if so expressed, release the Issuer (or a previous substitute) from any or all of its obligations under the Trust Deed, the ETP Securities and the other relevant Programme Documents and Collateral Pool Documents. The Substituted Obligor shall give notice of the substitution to the ETP Securityholders within 14 calendar days of the execution of such documents and compliance with such requirements.

On completion of the formalities set out in this Condition 15.3 and the Trust Deed, the Substituted Obligor shall be deemed to be named in these Conditions, the Trust Deed, the other Programme Documents and Collateral Pool Documents and the ETP Securities as the principal debtor in place of the Issuer (or of any previous substitute) and these Conditions, the Trust Deed, the other Programme Documents and Collateral Pool Documents and the ETP Securities shall be deemed to be amended as necessary to give effect to the substitution.

#### 15.4 **Entitlement of the Trustee and Security Trustee**

In accordance with the terms of the Trust Deed, in connection with the exercise of its functions under the relevant Programme Documents, the Trustee will have regard to the interests of the ETP Securityholders as a class and will not have regard to the consequences of such exercise for individual ETP Securityholders and the Trustee will not be entitled to require, nor shall any ETP Securityholder be entitled to claim, from the Issuer any indemnification or payment in respect of any Tax consequence of any such exercise upon individual ETP Securityholders.

In accordance with the terms of each Collateral Pool Security Deed, in connection with the exercise of any of its functions under the relevant Programme Documents and the Collateral Pool Documents to which the Security Trustee is a party, the Security Trustee shall have regard to the interests of the ETP Securityholders of the Connected Classes as a whole and shall not have regard to the consequences of such exercise for individual ETP Securityholders of any individual Connected Class and the Security Trustee shall not be entitled to require, nor shall any ETP Securityholder be entitled to claim, from the Issuer any indemnification or payment in respect of any Tax consequence of any such exercise upon individual ETP Securityholders of any individual Connected Class.

So long as the ETP Securities are in global form and such Global Security is held by or on behalf of the Relevant Clearing System, in considering the interests of ETP Securityholders, the Trustee may have regard to any information provided to it by the Relevant Clearing System or its operator as to the identity (either individually or by category) of its accountholders or participants with entitlements to any such Global Security and may consider such interests on the basis that such accountholders or participants were the holder(s) thereof.

#### 15.5 **Prohibition on U.S. persons**

ETP Securities may not be legally or beneficially owned by any U.S. person at any time nor offered, sold or delivered within the United States or to U.S. persons. The Issuer has the right, at its option, to refuse to recognise any such transfer or to compel any legal or beneficial owner of ETP Securities who contravenes such prohibition to void the transfer of such ETP Securities to such legal or beneficial owner or to redeem any such ETP Securities held by such legal or beneficial owner. Transfers may be voided by the Issuer by compelling a sale by such legal or beneficial owner or by the Issuer selling such ETP Securities on behalf of such legal or beneficial owner at the lesser of the purchase price therefor or the Price per ETP Security prevailing at the time such transfer is voided. Terms used in this Condition 15.5 have the meanings given to them by Regulation S under the Securities Act.

## 15.6 ERISA prohibition

ETP Securities may not be legally or beneficially owned by any entity that is, or that is using the assets of, (a)(i) an “**Employee Benefit Plan**” (as defined in Section 3(3) of the United States Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”)) that is subject to the fiduciary responsibility requirements of Title I of ERISA, (ii) any plan to which Section 4975 of the United States Internal Revenue Code of 1986, as amended (the “**Code**”) applies (a “**Plan**”) or (iii) an entity whose constituent assets include “**Plan Assets**” (as determined pursuant to the “Plan Assets Regulation” issued by the United States Department of Labor at 29 C.F.R. Section 2510.3-101 as modified by Section 3(42) of ERISA) by reason of any such Employee Benefit Plan’s or Plan’s investment in the entity or (b) a non-U.S. plan, governmental plan, church plan or other plan that is subject to any federal, state, local, non-U.S. or other law or regulation that is similar to the provisions of Section 406 of ERISA or Section 4975 of the Code (a “**Similar Law**”) unless its acquisition and holding and disposition of such Security, or any interest therein, has not and will not constitute a violation of such Similar Law. The Issuer has the right, at its option, to refuse to recognise any such transfer or to compel any legal or beneficial owner of ETP Securities who contravenes such prohibition to void the transfer of such ETP Securities to such legal or beneficial owner or to redeem any such ETP Securities held by such legal or beneficial owner. Transfers may be voided by the Issuer by compelling a sale by such legal or beneficial owner or by the issuer selling such ETP Securities on behalf of such legal or beneficial owner at the lesser of the purchase price therefor or the Price per ETP Security prevailing at the time such transfer is voided. Terms used in this Condition 15.6 have the meanings given to them by the Code.

## 16. Replacement of ETP Securities

If an ETP Security in bearer form is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent in London or such other Paying Agent, as the case may be, as may, from time to time, be designated by the Issuer for the purpose and notice of whose designation is given to ETP Securityholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed ETP Security is subsequently presented for payment there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such ETP Security) and otherwise as the Issuer may require. Mutilated or defaced ETP Securities must be surrendered before replacements will be issued.

## 17. Issue of further Tranches and Classes of ETP Securities

### 17.1 Further Tranches and Classes

Subject to Condition 6, the Issuer may, from time to time (without the consent of the Trustee or any ETP Securityholder), in accordance with the Trust Deed, the Conditions and the Authorised Participant Agreement(s), create and issue further securities either having the same terms and conditions as the ETP Securities in all respects and so that such further issue shall be consolidated and form a single Class with the ETP Securities or upon such terms as the Issuer may determine at the time of their issue and/or incur further obligations relating to such securities.

Only an Authorised Participant may request that the Issuer issue additional Tranches of the ETP Securities by delivering a valid Subscription Order subject to and in accordance with the terms of the relevant Authorised Participant Agreement.

The Issuer will only accept a Subscription Order and issue ETP Securities if:

- (A) a Subscription Order is given by an Authorised Participant and determined to be valid by or on behalf of the Issuer;
- (B) the acceptance of such Subscription Offer will not cause any Subscription Limit for the ETP Securities or any Swap Provider to be exceeded;
- (C) either (i) a Swap Provider in respect of the ETP Securities agrees to increase the notional amount under the relevant Swap Transactions by a *pro rata* amount in connection with the issue of the number of ETP Securities specified in the relevant Subscription Order or (ii) an alternative Eligible Swap Provider agrees to enter into a new Swap Transaction with the

Issuer on equivalent terms to the existing Swap Transaction(s) entered into by the Issuer in connection with that Class having a notional amount such that the aggregate notional amount of all Swap Transactions relating to the ETP Securities shall be increased by a *pro rata* amount in connection with the issue of the number of ETP Securities specified in the relevant Subscription Order (and, in each case, any applicable Subscription Limit is not exceeded); and

(D) all conditions precedent to an issue of the ETP Securities are satisfied.

The Issuer shall have no obligation to issue further ETP Securities and no obligation to accept any Subscription Orders from (but excluding) the fifth Valuation Date preceding the Final Redemption Date of the ETP Securities.

In accordance with the terms of the Authorised Participant Agreement(s), the Operating Procedures Agreement and each Swap Agreement, the Issuer will not be obliged to accept any Subscription Order and/or issue ETP Securities if (i) a Subscription Suspension Event has occurred and is continuing, and/or (ii) a Compulsory Redemption Event has occurred and/or a Swap Provider Event of Default has occurred and/or (iii) the Swap Provider does not consent to increase the economic exposure under the Swap Transaction by a *pro rata* amount. If an Issuer Call Redemption Notice is delivered the last day on which the Issuer is required to accept a valid Subscription Order shall be the fifth London Business Day preceding the related Compulsory Redemption Date designated in such notice. If an Issuer Redemption Notice is delivered by the Issuer the last day on which the Issuer is required to accept a valid Subscription Order shall be the fifth London Business Day preceding the related Compulsory Redemption Valuation Date designated in such notice. If the Swap Provider elects for the Swap Transaction to terminate on the last day of its scheduled term and such date falls before the Final Redemption Date of the ETP Securities the last day on which the Issuer is required to accept a valid Subscription Order shall be the fifth London Business Day preceding the scheduled termination date of the Swap Transaction. If a Swap Transaction Early Termination Event is designated or occurs under the Swap Agreement, the last day on which the Issuer is required to accept a valid Subscription Order shall be the date of the notice designating such event. If a Compulsory Redemption Event occurs, the last day on which the Issuer is required to accept a valid Subscription Order shall be the date of the notice designating such event.

The Issuer may suspend the issuance of further ETP Securities at any time. If a Subscription Suspension Event occurs, the Issuer shall not be obliged to accept any Subscription Orders for the ETP Securities with effect from the date of suspension specified in the relevant notice to the Determination Agent and the Authorised Participants until such time (if any) as the Issuer notifies such Programme Parties that it shall recommence the issue of further Tranches of the ETP Securities. The effective date of any such suspension will be specified in the related notice and will be a day not earlier than the Valuation Date following the date of such notice. The Issuer shall give notice to ETP Securityholders in accordance with Condition 18 of any such suspension as soon as reasonably practicable after giving any notice of suspension of subscriptions.

In relation to any Subscription Order which has been accepted by or on behalf of the Issuer but in respect of which the Subscription Settlement Date has not yet occurred as at the date of the occurrence of an Event or Default, each such Subscription Order shall automatically be cancelled with effect from the date of the occurrence of such Event of Default.

In relation to any Subscription Order which is valid but in respect of which the ETP Securities are pending issue and settlement to the relevant Authorised Participant as at the Compulsory Redemption Date, the Final Redemption Date or the date of delivery of an Event of Default Redemption Notice or a Connected Class Acceleration Notice (due to the Subscription Settlement Date not having occurred at such date, the relevant Authorised Participant not having delivered in full the relevant Subscription Amount on a Subscription Settlement Date falling prior to such date, or otherwise), any such Subscription Order shall automatically be cancelled with effect from such Compulsory Redemption Date, Final Redemption Date or date of delivery of an Event of Default Redemption Notice or a Connected Class Acceleration Notice (as applicable).

If at any time after the occurrence of the Subscription Settlement Date in respect of which the relevant Authorised Participant has not paid in full the related Subscription Amount a Compulsory Redemption Event occurs, the Final Redemption Date occurs or an Event of Default Redemption Notice or a Connected Class Acceleration Notice is delivered, the ETP Securities issued on any such Subscription Settlement Date which are pending settlement to the relevant Authorised Participant shall automatically be cancelled with effect from the date of the occurrence of such

Compulsory Redemption Date, Final Redemption Date or date of delivery of an Event of Default Redemption Notice or a Connected Class Acceleration Notice (as applicable). ETP Securities requested for issue and subscribed for by an Authorised Participant may be held on an inventory basis by such Authorised Participant and offered for sale and/or sold over a period of time.

Any new securities forming a single Class with the ETP Securities and which are expressed to be constituted by the Trust Deed and secured by the Trust Deed will, upon the issue thereof by the Issuer, be constituted by the Trust Deed and secured by the Trust Deed without any further formality and irrespective of whether or not the issue of such securities contravenes any covenant or other restriction in the Trust Deed or the Programme Maximum Number of ETP Securities and shall be secured by the Class Secured Property (as increased and/or supplemented in connection with such issue of such new securities) and references in these Conditions to “**Class Secured Creditors**”, “**Class Secured Property**”, “**Class Secured Obligations**” and “**ETP Securities**” shall be construed accordingly.

## 17.2 Consolidation and division of Tranches and Classes

- (A) The Issuer may consolidate or divide all of the ETP Securities into ETP Securities of the same Class but with a proportionately larger or smaller Principal Amount and Price per ETP Security. Such consolidation or division shall be effected by deed or instrument supplemental to the Trust Deed.

Whenever as a result of consolidation of ETP Securities an ETP Securityholder would become entitled to a fraction of an ETP Security the Issuer will redeem such fractional ETP Security.

- (B) The Issuer may at any time (without the consent of the ETP Securityholders) determine to divide a Multiple Swap Provider Class of ETP Securities (the “**Existing Class**”) by allocating one or more Swap Provider Collateral Pools to a new Class of ETP Securities (the “**New Class**”), and if it determines to do so, the following shall apply:

- (1) prior to or on such division becoming effective, the Issuer shall create new ETP Securities of the New Class referable to the same Index and otherwise on the same terms as the Existing Class save that the Swap Provider Collateral Pools and Swap Transactions on which such New Class and such Existing Class shall thereafter be secured shall be as notified by the Issuer to the relevant ETP Securityholders in accordance with Condition 18;
- (2) the ETP Securities of the New Class shall be constituted by an instrument or deed on the same terms, mutatis mutandis, as the Trust Deed in respect of the Existing Class and on terms that the ETP Securityholders of the New Class shall have recourse only to the Swap Provider Collateral Pool attributable to such New Class;
- (3) the Issuer shall issue ETP Securities of such New Class to the ETP Securityholders of the Existing Class outstanding immediately prior to such division becoming effective on the basis of one ETP Security of the New Class for each ETP Security of the Existing Class then outstanding;
- (4) the Principal Amount of the ETP Securities of the Existing Class and the Price per ETP Security of the Existing Class on such division shall be the Division Fraction of the Principal Amount and the Price per ETP Security, respectively, in respect of the day on which such division becomes effective immediately prior to the division becoming effective; and
- (5) the Principal Amount of the ETP Securities of the New Class and the Price per ETP Security of the New Class on such division shall be the difference between the Principal Amount and Price per ETP Security of the Existing Class in respect of the day on which such division becomes effective immediately prior to the division becoming effective, respectively, and the Principal Amount of the ETP Securities and Price per ETP Security of the Existing Class as calculated in accordance with Condition 5.

- (C) For the purposes of this Condition 17.2, the “**Division Fraction**” in relation to an ETP Security of an Existing Class is the aggregate of the number of Index Units (as defined in

the terms of such Swap Transaction) of each Swap Transaction with Swap Provider in respect of such Class immediately after such divisions divided by the aggregate number of Index Units of each Swap Transaction with each Swap Provider in respect of such Class immediately before such division.

18. **Notices**

18.1 All notices to holders of ETP Securities shall be valid if:

(A) they are:

(1) published in a daily newspaper with general circulation (x) in the United Kingdom (which is expected to be in the *Financial Times*), (y) in Germany (which is expected to be the *Boersen-Zeitung*) and (z) in Italy (which is expected to be the *Milano Finanza*); and/or

(2) published on the website of one or more RIS(s) approved for such purposes by the applicable Relevant Stock Exchange(s) and any such notices shall be conclusively presumed to have been received by the holders; and/or

(3) published on the Issuer's Website;

(B) for so long as the ETP Securities are listed on any Relevant Stock Exchange, they are published in accordance with the rules and regulations of such Relevant Stock Exchange or other relevant authority; and

(C) for so long as the ETP Securities are in global form, notices required to be given in respect of the ETP Securities represented by a Global Security are given by their being delivered (so long as the Global Security is held on behalf of a Clearing System) to the Relevant Clearing System, or otherwise to the holder of the Global Security, rather than by publication as required above. Any such notice shall be deemed to have been given to the holders of the ETP Securities on the Payment Business Day immediately following the day on which the notice was given to the Relevant Clearing System.

18.2 If, in the opinion of the Trustee, any such publications above are not practicable, notice shall be validly given if published in another leading daily newspaper with general circulation in the relevant country.

Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

19. **Relevant Clearing System**

None of the Issuer, the Trustee, the Agents or any Swap Provider will have any responsibility for the performance by the Relevant Clearing System (or its participants or indirect participants) of any of their respective obligations under the rules and procedures governing their operations.

20. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the ETP Securities under the Contracts (Rights of Third Parties) Act 1999 but that does not affect any right or remedy of a third party that exists or is available apart from that Act.

21. **Governing law and jurisdiction**

21.1 **Governing law**

The Trust Deed, each relevant Collateral Pool Security Deed and the ETP Securities (including any Global Security), and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

## 21.2 **Jurisdiction**

The courts of England are to have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with any ETP Securities and, accordingly, any legal action or proceedings arising out of or in connection with any ETP Securities ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objections to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is for the benefit of each of the Trustee and the ETP Securityholders 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 any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

## 22. **Service of process**

The Issuer has by executing the Supplemental Trust Deed irrevocably appointed Boost ETP LLP of 4<sup>th</sup> Floor, 33 Sun Street, London EC2M 2PY as its process agent to receive, for it and on its behalf, service of process in any Proceedings in England. Service of process on such process agent shall be deemed valid service upon the Issuer whether or not it is forwarded to and received by the Issuer. The Issuer shall inform the Trustee in writing of any change in its process agent's address within 28 calendar days of such change. If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent in England reasonably acceptable to the Trustee and to deliver to it a copy of the substitute process agent's written acceptance of that appointment, within 14 calendar days.

## ANNEX A: EQUITY SECURITIES ANNEX

### 1. Definitions

For the purposes of this Annex A, as it applies to a Class of ETP Securities that are Equity Securities, a Swap Transaction and an Index, the following terms have the meanings given to them below:

<b>Additional Disruption Event</b>	A Change in Law, a Hedging Disruption or an Increased Cost of Hedging.
<b>Benchmark Index Closing Level</b>	In respect of a Valuation Date, the level of the Benchmark Index at the Valuation Time on such Valuation Date.
<b>Benchmark Index Restrike Level</b>	The minimum (if the Product Leverage Factor is positive) or maximum (if the Product Leverage Factor is negative) level of the Benchmark Index published by the Index Sponsor or quoted on the Exchange during the Restrike Period, as calculated by the Swap Calculation Agent.
<b>Cancellation Amount</b>	In respect of any termination of a Swap Transaction in whole or in part, an amount payable by the Swap Provider to the Issuer which will be calculated by the Swap Provider in accordance with the formula used to calculate the Price per ETP Security of the relevant Class, where possible, and shall take into account any hedging costs incurred by the Swap Provider. If the Swap Provider, acting in a commercially reasonable manner, determines that it is not possible to determine the Cancellation Amount in accordance with the formula used to calculate the foregoing formulation, it shall determine the Cancellation Amount to be an amount equal to (i) the notional amount of the Swap Transaction (or, in the case of a partial termination, the terminated part thereof) plus any gains (expressed as a positive number) or losses (expressed as a negative number) of the Swap Provider that are or would be realised under then prevailing circumstances in replacing, or in providing for the Swap Provider the economic equivalent of the material terms of the terminated part of such Swap Transaction.
<b>Change in Law</b>	On or after the first Subscription Trade Date in respect of the relevant Class of Equity Securities (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, in respect of tax, solvency or capital requirements), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing or financial authority), or the combined effect thereof if occurring more than once, the Swap Calculation Agent determines in its sole and absolute discretion that (X) it has become illegal for the relevant Swap Provider or any of its Affiliates to hold, acquire or dispose of Hedge Positions relating to such Swap Transaction or (Y) the Issuer or the Swap Provider or any of their respective Affiliates would incur a materially increased cost (including, without limitation, in respect of any tax, solvency or capital requirements) in maintaining the Swap Transaction or in holding, acquiring or disposing of any Hedge Position.
<b>Component Security</b>	Each component security of the Index.

**Currency Business Day**

A day on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the Relevant Currency or, in the case of euros, a city in which banks in general have access to the TARGET2 System.

**Disrupted Day**

*In respect of any Index for which Multiple Exchange is not applicable*

Any Scheduled Trading Day on which a relevant Exchange or any Related Exchange fails to open for trading during its regular trading session or on which a Market Disruption Event or a Severe Disruption Event has occurred.

*In respect of any Index for which Multiple Exchange is applicable*

Any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of the Index; (ii) the Related Exchange fails to open for trading during its regular trading session; or (iii) a Market Disruption Event or a Severe Disruption Event has occurred.

**Early Closure**

*In respect of any Index for which Multiple Exchange is not applicable*

The closure on any Exchange Business Day of any relevant Exchange(s) relating to securities that comprise 20 percent or more of the level of the relevant Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day.

*In respect of any Index for which Multiple Exchange is applicable*

The closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day; and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day.

**Exchange**

The exchange specified in the Final Terms.

**Exchange Business Day**

*In respect of any Index for which Multiple Exchange is not applicable*

Any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

*In respect of any Index for which Multiple Exchange is applicable*

Any Scheduled Trading Day on which (i) the Index Sponsor publishes the level of the Index; and (ii) the Related Exchange is open for trading during its regular trading session, notwithstanding the Related Exchange closing prior to its Scheduled Closing Time.

## **Exchange Disruption**

*In respect of any Index for which Multiple Exchange is not applicable*

Any event (other than Early Closure) that disrupts or impairs (as determined by the Swap Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values on any relevant Exchange(s) in securities that comprise 20 percent or more of the level of the relevant Index).

*In respect of any Index for which Multiple Exchange is applicable*

Any event (other than Early Closure) that disrupts or impairs (as determined by the Swap Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for: (i) any Component Security on the Exchange in respect of such Component Security; or (ii) futures or options contracts relating to the Index on the Related Exchange.

## **Hedging Adjustments**

If specified to be applicable in the Final Terms, any costs, expenses, fees or losses (howsoever described) incurred by the Swap Provider, determined on a per Index Unit basis by the Swap Calculation Agent, in acquiring, establishing, re-establishing, substituting, maintaining, unwinding or disposing of any transaction or asset(s) it deems necessary to hedge the performance of its obligations under the Swap Transaction in connection with a Restrike Day or in realising, recovering or remitting the proceeds of any such transaction or asset(s).

## **Hedging Disruption**

The Swap Provider or any of its Affiliates is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transactions or assets (including, without limitation, stock loans and other transactions that can be used to create a long or short exposure to the Index) that it deems necessary to hedge, in a commercially reasonable manner, the equity price risk of entering into and performing its obligations with respect to the Swap Transaction (any such transactions or assets, a "**Hedging Party Hedge**") or (B) realise, recover or remit the proceeds of a Hedging Party Hedge.

## **Hedge Positions**

Any purchase, sale, entry into or maintenance of one or more (i) positions or contracts in securities, options, futures, derivatives or foreign exchange, (ii) stock loan transactions or (iii) other instruments or arrangements (howsoever described) by a party in order to hedge, individually or on a portfolio basis, the Swap Transaction.

## **Increased Cost of Hedging**

The Swap Provider would incur a materially increased (as compared with circumstances existing on the Subscription Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity price risk of entering into and performing its obligations with respect to the relevant Swap Transaction, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Swap Provider shall not be deemed an Increased Cost of Hedging.

<b>Index Adjustment Event</b>	An Index Modification, an Index Cancellation or an Index Disruption
<b>Index Cancellation</b>	In respect of an Index, the Index Sponsor in respect of that Index permanently cancels such Index and no Successor Index is designated in accordance with paragraph 5 ( <i>Consequences of an Index Cancellation</i> ) of this Annex A.
<b>Index Component Disruption Event</b>	<p>The occurrence or existence of any of the following in respect of any of the futures contracts, shares, indices or sub-indices used to calculate the Index Price (each, an “<b>Index Component</b>”) shall, at the discretion of the Swap Calculation Agent, constitute an “<b>Index Component Disruption Event</b>”:</p> <ul style="list-style-type: none"> <li>(a) (i) the failure of the Exchange, the Related Exchange or any other relevant Exchange (the “<b>Exchanges</b>”) to announce or publish the price (or the information necessary for calculating the price) of any Index Component used to calculate the Index Price; or (ii) the temporary or permanent discontinuance or unavailability of the Exchanges;</li> <li>(b) the termination, material suspension or material disruption in trading, of any Index Component;</li> <li>(c) the price of the Index Component has increased or decreased from the previous day’s published closing price by an amount equal to the maximum amount permitted under the applicable exchange rules for such Index Component; or</li> <li>(d) any Exchanges on which an Index Component is traded are not scheduled to open for trading for their respective regular trading sessions.</li> </ul>

For these purposes, a suspension in trading of an Index Component shall be deemed to be material only if (I) all trading in the relevant Index Component is suspended for that entire Valuation Date; or (II) all trading in the relevant Index Component is suspended subsequent to the opening of trading on the Valuation Date, trading does not recommence prior to the regularly scheduled close of trading in such Index Component on such Valuation Date, and such suspension is announced less than one hour preceding its commencement.

A disruption of trading in the relevant Index Component on any Valuation Date shall be deemed to be material only if the relevant exchange or trading facility for transactions relating to the Index Component establishes limits on the range within which the price of the relevant Index Component may fluctuate and the closing price of the relevant Index Component on such day is at the upper or lower limit of that range.

An Index Component Disruption Event shall occur on any Valuation Date (an “**Index Component Disrupted Day**”) only if so determined by the Swap Calculation Agent, acting in good faith and in a commercially reasonable manner, with such determination to be notified to the Issuer (with a copy to the Determination Agent) in writing by 8:00 a.m. (London time) (using commercially reasonable efforts) on the Scheduled Trading Day

immediately following such Index Component Disrupted Day but in any event by no later than 12:00 noon on such day.

**Index Disruption**

In respect of an Index on any Valuation Date, the Index Sponsor fails to calculate and announce such Index.

**Index Modification**

In respect of an Index, the Index Sponsor announces that it shall make a material change in the formula for or the method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation and other routine events).

**Index Price**

On each Valuation Date, the level of the Index at the Valuation Time on such Valuation Date (subject to the provisions of paragraphs 3 to 7 below).

**Index Sponsor**

The corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Index and (b) announces (directly or through an agent) the level of the Index on a regular basis during each Valuation Date.

**Index Unit**

In respect of an Index, one unit of such Index. On any day, the aggregate number of Index Units in respect of each Swap Transaction entered into by the Issuer in relation to the ETP Securities is expected be equal to (i) the number of ETP Securities hedged by such Swap Transaction then outstanding plus (ii) the number of ETP Securities to be hedged under such Swap Transaction specified in all valid Subscription Orders less the number of ETP Securities to be hedged under such Swap Transaction specified in all valid Redemption Orders, provided that such Subscription Orders or Redemption Orders have not (a) been withdrawn or cancelled as provided in the Operating Procedures Agreement, (b) settled or (c) been subject to postponement under the terms of such Swap Transaction

**Index Unit Value**

On any day, the value of an Index Unit, which shall be an amount equal to the Price of an ETP Security on such calendar day.

**Market Disruption Event**

*In respect of any Index for which Multiple Exchange is not applicable*

In respect of an Index, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption which in either case the Swap Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time, or (iii) an Early Closure.

For the purposes of determining whether a Market Disruption Event in respect of an Index exists at any time, if a Market Disruption Event occurs in respect of a Component Security included in the Index at any time, then the relevant percentage contribution of that security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component Security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event.

*In respect of any Index for which  
Multiple Exchange is applicable*

Either:

- (i) (a) the occurrence or existence, in respect of any Component Security, of:
  - (1) a Trading Disruption, which the Swap Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded;
  - (2) an Exchange Disruption, which the Swap Calculation Agent determines is material, at any time during the one hour period that ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded; or
  - (3) an Early Closure; and
- (b) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent. or more of the level of the Index; or
- (ii) the occurrence or existence, in respect of futures or options contracts relating to the Index, of: (a) a Trading Disruption; (b) an Exchange Disruption, which in either case the Swap Calculation Agent determines is material, at any time during the one hour period that ends at the Valuation Time in respect of the Related Exchange; or (c) an Early Closure.

For the purposes of determining whether a Market Disruption Event exists in respect of an Index at any time, if a Market Disruption Event occurs in respect of a Component Security at that time, then the relevant percentage contribution of that Component Security to the level of the Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component Security to (y) the overall level of the Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market "opening data".

### **Multiple Exchange**

The Final Terms shall specify whether or not "Multiple Exchange" is applicable.

### **Reference Benchmark**

Any non-leveraged equity index, equity futures or exchange traded products which, in the determination of the Swap Calculation Agent, has exhibited over the two year period preceding the day on which the Severe Disruption Event occurred, a high correlation to the Benchmark Index and presents similar characteristics to the Benchmark Index as determined on the basis of terms including, but not limited to strategy, geographical,

economic sectors and volatility.

<b>Related Exchange</b>	The exchange specified in the Final Terms.
<b>Restrike Index Level</b>	The minimum (if the Product Leverage Factor is positive) or maximum (if the Product Leverage Factor is negative) level of the Index during the Restrike Period, as calculated by the Swap Calculation Agent (or, in the absence of published levels of the Index, such maximum or minimum level, as the case may be, as the Swap Calculation Agent shall determine in a commercially reasonable manner).
<b>Restrike Period</b>	The period starting on, and including, the minute when the Restrike Event is triggered and ending 15 minutes later, as determined by the Swap Calculation Agent.
<b>Restrike Threshold</b>	As specified in the Final Terms.
<b>Scheduled Closing Time</b>	In respect of an Exchange or Related Exchange and a Valuation Date, the scheduled weekday closing time of such Exchange or Related Exchange on such Valuation Date, without regard to after hours or any other trading outside of the regular trading session hours.
<b>Scheduled Trading Day</b>	
<i>In respect of any Index for which Multiple Exchange is not applicable</i>	Any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.
<i>In respect of any Index for which Multiple Exchange is applicable</i>	Any day on which (i) the Index Sponsor is scheduled to publish the level of the Index; and (ii) the Related Exchange is scheduled to be open for trading for its regular trading session.
<b>Settlement Currency</b>	The currency of denomination of the ETP Securities.
<b>Severe Disruption Event</b>	A Severe Intraday Market Disruption Event or a Severe Overnight Gap Event.
<b>Severe Disruption Event Threshold</b>	As specified in the Final Terms.
<b>Severe Intraday Market Disruption Event</b>	On any Scheduled Trading Day, (i) the occurrence or existence of a Market Disruption Event and (ii) a determination by the Swap Calculation Agent that the level of any Reference Benchmark on such Scheduled Trading Day has fallen (if the Product Leverage Factor is positive) or risen (if the Product Leverage Factor is negative) by more than the Severe Disruption Event Threshold from the level of such Reference Benchmark at the official closing time of the Index on the Scheduled Trading Day immediately prior to the Scheduled Trading Day on which the relevant Market Disruption Event occurred and while it is still occurring.
<b>Severe Overnight Gap Event</b>	On any day, a determination by the Swap Calculation Agent that the level of a Reference Benchmark has fallen (if the Product Leverage Factor is positive) or risen (if the Product Leverage Factor is negative) by more than the Severe Overnight Gap Event Threshold at any time between the official closing time of the Index on the Scheduled Trading Day immediately prior to such day and the time at which the first official publication of the level of

	the Index takes place on the next following Scheduled Trading Day.
<b>Severe Overnight Gap Event Threshold</b>	As specified in the Final Terms.
<b>Successor Index</b>	In respect of a Swap Transaction, the index designated as a "Successor Index" pursuant to paragraph 4 ( <i>Consequences of an Index Modification</i> ), paragraph 5 ( <i>Consequences of an Index Cancellation</i> ) or paragraph 6 ( <i>Consequences of an Index Disruption</i> ) below.
<b>Successor Index Determination Period</b>	The period from an including the announcement (in the case of an Index Modification or an Index Cancellation) or the occurrence (following an Index Disruption) of the Index Adjustment Event to the date that falls: <ul style="list-style-type: none"> <li>(i) in the case of an "Index Modification" or "Index Cancellation", the number of days in the Redemption Unwind Period before the date that such Index Adjustment Event is due to become effective; and</li> <li>(ii) in the case of an "Index Disruption", five Business Days thereafter.</li> </ul>
<b>Trading Disruption</b>	
<i>In respect of any Index for which Multiple Exchange is not applicable</i>	Any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to securities that comprise 20 per cent. or more of the level of the relevant Index), or (ii) in futures or options contracts relating to the relevant Index on any relevant Related Exchange.
<i>In respect of any Index for which Multiple Exchange is applicable</i>	Any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (i) relating to any Component Security on the Exchange in respect of such Component Security; or (ii) in futures or options contracts relating to the Index on the Related Exchange.
<b>Valuation Date</b>	Each Scheduled Trading Day, subject to paragraphs 3 to 7 below.
<b>Valuation Time</b>	
<i>In respect of any Index for which Multiple Exchange is not applicable</i>	The Scheduled Closing Time on the Exchange on the relevant Valuation Date.
<i>In respect of any Index for which Multiple Exchange is applicable</i>	(i) For the purposes of determining whether a Market Disruption Event has occurred (a) in respect of any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (b) in respect of any options contracts or future contracts on the Index, the close of trading on the Related Exchange; and (ii) in all other circumstances, the time at which the official Index Price is calculated and published by the Index Sponsor.

## 2. Pricing of Equity Securities

### 2.1 Calculation and publication of Price per ETP Security

The Determination Agent shall calculate the price per ETP Security (the “**Price per ETP Security**”) in respect of each Valuation Date, upon which the Issuer shall publish such Price per ETP Security in respect of such Valuation Date during the term of the ETP Securities up to (and including) the earliest to occur of the Compulsory Redemption Date, the Optional Redemption Date (in respect of all the outstanding ETP Securities) and the Final Redemption Date in accordance with paragraphs 2.2 and 2.4 and shall notify its calculation of the Price per ETP Security in respect of a Valuation Date to the Issuer, the Authorised Participant(s), the Swap Provider(s) and the Issuing and Paying Agent by no later than 2.00p.m. (London time) on the immediately following Valuation Date, upon which the Issuer shall publish such Price per ETP Security in respect of such Valuation Date by no later than 4:00p.m. (London time) on such immediately following Valuation Date.

### 2.2 Price per ETP Security in respect of a Valuation Date

Subject to paragraph 2.4, the Price per ETP Security on a Valuation Date shall be an amount per ETP Security in the Relevant Currency (calculated to 7 decimal places with 0.00000005 rounded upwards, and subject to a floor of zero) calculated by the Determination Agent as follows:

- (i) if such day is an Index Component Disrupted Day or the Valuation Date immediately following an Index Component Disrupted Day, in accordance with the “Index Component Disruption Events and Consequences thereof” provisions below;
- (ii) if such day is a Restrike Day, in accordance with the “Restrike Events” provisions below;
- (iii) otherwise, by using the following formula:

$$P_t = P_{t-1} \times [1 + R_t] \times [1 - CA_t],$$

where:

“ $P_t$ ” is the Price per ETP Security on  $t$  and  $P_0$  is the Initial Price.

“**Initial Price**” is the price specified in the Final Terms.

“ $P_{t-1}$ ” is the Price per ETP Security on  $t-1$

“ $t$ ” is the Valuation Date in respect of which the Price per ETP Security is being calculated.

“ $t-1$ ” is the Valuation Date preceding  $t$  (with “ $t_0$ ” being the Class Issue Date).

“ $CA_t$ ” is the daily fee adjustment applicable on  $t$ , as calculated in accordance with the following formula:

$$CA_t = \text{Annual Management Fee Rate}_t \times \frac{D_{t,t-1}}{360} + \text{Daily Swap Rate}_t \times D_{t,t-1},$$

where:

“**Annual Management Fee Rate** $_t$ ” means the Management Fee specified in the Final Terms, as may be amended by the Issuer from time to time with effect from the fifth calendar day following the day on which notice of such adjustment is given to the holders in accordance with Condition 18 (or such later date as may be specified in such notice).

“**Daily Swap Rate** $_t$ ” means the Daily Swap Rate specified in the Final Terms, as may be amended from time to time by agreement between the Issuer and the Swap Provider as provided in the Swap Provider Agreement with effect from the day on which notice of such adjustment is given to the holders in accordance with Condition 18 (or such later date as may be specified in such notice).

“ $D_{t,t-1}$ ” is the number of calendar days from but excluding  $t-1$  to and including  $t$ .

“ $R_t$ ”, is calculated in accordance with one of the following formulae, depending on whether the Index is a “Leveraged Index” or “Non-Leveraged Index”, as specified in the Final Terms.

(A) Non-Leveraged Index:

$$R_t = LF \times \left[ \frac{I_t}{I_{t-1}} - 1 \right] + FBA_t; \text{ or}$$

(B) Leveraged Index:

$$R_t = \frac{I_t}{I_{t-1}} - 1 + FBA_t,$$

where, in each case:

“ $LF$ ” is the applicable Product Leverage Factor, as specified in the Final Terms.

“ $I_t$ ” is the Index Price in respect of  $t$ .

“ $I_{t-1}$ ” is the Index Price in respect of  $t-1$ .

“ $FBA_t$ ” is the daily Funding and Borrowing Adjustments on  $t$ , as calculated in accordance with the following formula:

$$FBA_t = IR_t + SPR_t + SBR_t + TTAX_t; \text{ where:}$$

“ $IR_t$ ” is an amount calculated in accordance with the following formula:

$$IR_t = -(LF - 1) \times ir_{t-1} \times \frac{D_{t,t-1}}{360}$$

“ $SPR_t$ ” is an amount calculated in accordance with the following formula:

$$SPR_t = -(LF - 1) \times spr_{t-1} \times \frac{D_{t,t-1}}{360}$$

“ $SBR_t$ ” is an amount calculated in accordance with the following formula:

$$SBR_t = LF \times sbr_{t-1} \times \frac{D_{t,t-1}}{360}$$

“ $TTAX_t$ ” is calculated in accordance with one of the following formulae, depending on whether the Index is a “Leveraged Index” or “Non-Leveraged”, as specified in the Final Terms.

(A) in respect of Equity Securities referencing a Non-Leveraged Index,  $TTAX_t$  shall be calculated in accordance with the following formula:

$$TTAX_t = -LF \times (LF - 1) \times \left| \frac{I_t}{I_{t-1}} - 1 \right| \times ttax_t$$

(B) in respect of Equity Securities referencing a Leveraged Index,  $TTAX_t$  shall be calculated in accordance with the following formula:

$$TTAX_t = -|LF - 1| \times \left| \frac{I_t}{I_{t-1}} - 1 \right| \times ttax_t$$

where:

“ $ir_{t-1}$ ” is the applicable Interest Rate, as defined in Annex C, as may be amended by the Swap Provider from time to time as provided in the Operating Procedures Agreement with effect from the day on which notice of such adjustment is given to the holders in accordance with Condition 18 (or such later date as may be specified in such notice).

“ $spr_{t-1}$ ” is the applicable Funding Spread, as defined in Annex C, as may be amended by the Swap Provider from time to time as provided in the Operating Procedures Agreement with effect from the day on which notice of such adjustment is given to the holders in accordance with Condition 18 (or such later date as may be specified in such notice).

“ $sbr_{t-1}$ ” is the applicable Stock Borrow Rate, as specified in the Final Terms, as may be amended by the Swap Provider from time to time as provided in the Operating Procedures Agreement with effect from the day on which notice of such adjustment is given to the holders in accordance with Condition 18 (or such later date as may be specified in such notice).

“ $ttax_t$ ” is the applicable Transaction Tax Rate, as defined in Annex C, as may be amended by the Swap Provider from time to time as provided in the Operating Procedures Agreement with effect from the day on which notice of such adjustment is given to the holders in accordance with Condition 18 (or such later date as may be specified in such notice).

- 2.3 In order that the Price per ETP Security and the Index Unit Value in respect of any Valuation Date be equal, the Price per ETP Security shall be subject to the same adjustments and modifications as may be applied to the Index Unit Value pursuant to the terms of the Swap Transaction(s), as summarised in this paragraph 2 and in paragraphs 3 to 12 of this Annex A.

### 3. Consequences of Disrupted Days

#### 3.1 **Consequences of Disrupted Days other than following the occurrence of a Severe Disruption Event**

If any Valuation Date is a Disrupted Day, then the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the eight Scheduled Trading Days immediately following such Valuation Date is a Disrupted Day. In that case, (i) that eighth Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Swap Calculation Agent shall calculate the level of the Index as of the Valuation Time on that eighth Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that eighth Scheduled Trading Day of each security comprised in the Index (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security on that eighth Scheduled Trading Day, its good faith estimate of the value for the relevant security as of the Valuation Time on that eighth Scheduled Trading Day) and, in such event:

- (A) such day shall be deemed to be a “**Postponed Valuation Date**”;
- (B) so long as the Market Disruption Event which has led to the occurrence of the Disrupted Day is, in the determination of the Swap Calculation Agent, still subsisting, either the Issuer or the Swap Provider may elect to terminate the Swap Transaction on any Scheduled Trading Day following the Postponed Valuation Date provided that one Business Day prior notice has been given to the other party of the proposed date of termination (a “**Transaction Early Termination Notice**”, and the day specified in such notice, a “**Transaction Early Termination Date**”), and in the event of such termination a Cancellation Amount will be payable by the Swap Provider to the Issuer;
- (C) if neither the Issuer nor the Swap Provider elects to terminate the Swap Transaction in accordance with paragraph (B) above, the Swap Calculation Agent will, for ten Scheduled Trading Days following the Postponed Valuation Date, calculate a level for the Index which in its determination reflects the Index Price that would have been published by the Index Sponsor accounting for the occurrence of the Market Disruption Event in accordance with paragraph (B) above; and

- (D) if, on the tenth Scheduled Trading Day following the Postponed Valuation Date, the Market Disruption Event is, in the determination of the Swap Calculation Agent, still subsisting, the Swap Transaction shall be automatically terminated in whole and the Cancellation Amount will be payable by the Swap Provider to the Issuer.

### 3.2 **Consequences of Disrupted Days following the occurrence of a Severe Disruption Event**

If any Valuation Date is a Disrupted Day following the occurrence of a Severe Disruption Event, the Swap Provider may take the action described in paragraph (A) or (B) below:

- (A) postpone the Valuation Date to the first succeeding Scheduled Trading Day that is not a Disrupted Day unless each of the three Scheduled Trading Days immediately such Valuation Date is a Disrupted Day. In that case the Swap Calculation Agent may elect to deem the third Scheduled Trading Day to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and the Swap Calculation Agent shall calculate the level of the Index as of such third Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on that third Scheduled Trading Day of each security comprised in the Index (or its good faith estimate of the value of each security if an event giving rise to a Disrupted Day has occurred in respect of the relevant security); or
- (B) on any Currency Business Day from and including the first relevant Disrupted Day in respect of the occurrence of the relevant Severe Disruption Event and provided that such Currency Business Day is also a Disrupted Day, provide a Transaction Early Termination Notice to the Issuer. If such notice is given the Swap Transaction will be terminated as of the Swap Transaction Early Termination Date specified in the Swap Transaction Early Termination Notice (as defined in paragraph 3.1(B)) above, except that the Swap Transaction Early Termination Date may be the date of the Swap Transaction Early Termination Notice, provided that if no date is specified, the Swap Transaction Early Termination Date shall be the date of the Swap Transaction Early Termination Notice) and the Cancellation Amount will be payable by the Swap Provider to the Issuer on the date.

- 3.3 If, in the determination of the Swap Calculation Agent, an event occurs which could constitute an Index Component Disruption Event or an Index Disruption or a Market Disruption Event or a Severe Disruption Event, the Swap Calculation Agent will determine in its sole discretion whether to apply the provisions of paragraph 4, paragraph 7 or this paragraph 3 and shall notify the Issuer of its determination as soon as reasonably practicable, but in no event later than 12:00 noon London time on the Valuation Date immediately following the occurrence of such event.

## 4. **Consequences of an Index Component Disruption Event**

- 4.1 Upon the occurrence or existence of an Index Component Disruption Event on any Valuation Date, the Determination Agent shall calculate the Price per ETP Security in respect of each relevant Index Component Disrupted Day on which a valid Subscription Order or Redemption Order is received by or on behalf of the Issuer and any Valuation Date immediately following an Index Component Disrupted Day that is not itself an Index Component Disrupted Day (the “**First Index Component Non-Disrupted Day**”) as provided in this paragraph 4.

- (A) With respect to each Index Component Disrupted Day, the Determination Agent shall calculate and provide to the Issuer an indicative price per ETP Security (the “**Indicative Price per ETP Security**”) as the sum of:
- (1) the amount calculated in accordance with the formula used to calculate the Price per ETP Security specified in paragraph 2.2 above, where the meaning of  $P_{t-1}$  is replaced by “the Indicative Price per ETP Security in respect of  $t-1$ ” if  $t-1$  was an Index Component Disrupted Day”, and
  - (2) an “**Index Component Disruption Adjustment**” in respect of such Index Component Disrupted Day, calculated by the Swap Calculation Agent to account for the economic impact on the Swap Transaction of the Index Component Disruption Event.

- (B) With respect to the First Index Component Non-Disrupted Day, the Determination Agent will calculate the Price per ETP Security as the sum of:
- (1) the amount calculated in accordance with the formula used to calculate the Price per ETP Security specified in paragraph 2.2 above, where the meaning of  $P_{t-1}$  is replaced by the Indicative Price per ETP Security in respect of  $t-1$ ; and
  - (2) an Index Component Disruption Adjustment, calculated by the Swap Calculation Agent in respect of such First Index Component Non-Disrupted Day.
- (C) The Determination Agent shall calculate the Price per ETP Security in respect of any Index Component Disrupted Day on which a valid Subscription Order or Redemption Order is received by or on behalf of the Issuer as the sum of:
- (1) the Indicative Price per ETP Security calculated for that Index Component Disrupted Day; and
  - (2) an “**Index Component Disruption Settlement Adjustment**” in respect of that Index Component Disrupted Day, calculated by the Swap Calculation Agent to account for the economic impact of the Index Component Disruption Event on such Subscription Order or Redemption Order.

Such Price per ETP Security shall be calculated once each of the Index Components that were affected by an Index Component Disruption Event on such day has had at least one Scheduled Trading Day on which it was not affected by an Index Component Disruption Event.

- (D) The Determination Agent’s obligation to determine the Price per ETP Security or Indicative Price per ETP Security pursuant to this paragraph 4.1 shall be conditional upon all information required to make such calculation having been provided to the Determination Agent by the Swap Calculation Agent).

## 5. **Consequences of an Index Modification**

Pursuant to the terms of each Swap Transaction, upon the occurrence of an Index Modification, the Swap Calculation Agent shall determine whether such Index Modification has a material effect on such Swap Transaction and, if so, may either:

- (A) request the Issuer to submit to the Swap Calculation Agent and the Swap Provider a successor index with a substantially similar strategy as the original Index, and upon the Swap Calculation Agent and the Swap Provider agreeing on the successor index submitted by the Issuer, the Swap Calculation Agent shall promptly notify the Issuer and the Swap Provider and such index shall become the “Successor Index” and deemed to be the “Index” for the purposes of the Swap Transaction and the Swap Calculation Agent shall make such adjustment, if any, to any one or more of the terms of the Swap Transaction as the Swap Calculation Agent in its sole and absolute discretion determines appropriate; or
- (B) calculate the Index Unit Value using, in lieu of the published level for that Index, the level for that Index as at that Valuation Date as calculated by the Swap Calculation Agent in accordance with the formula and method for calculating that Index last in effect prior to the change but using only those securities that comprised that Index immediately prior to the Index Modification and the Swap Calculation Agent shall make such adjustment, if any, to any one or more of the terms of the Swap Transaction as the Swap Calculation Agent in its sole and absolute discretion determines appropriate; or
- (C) if, at the expiration of the Successor Index Determination Period or such other date as the parties may agree, no agreement has been reached amongst the Issuer, the Swap Provider and the Swap Calculation Agent as to the choice of a successor index, or the Swap Calculation Agent has determined that no adjustments can be performed in accordance with paragraph (B) above, then the Swap Transaction will be cancelled on such day and the Cancellation Amount will be payable by the Swap Provider to the Issuer.

## 6. **Consequences of an Index Cancellation**

- 6.1 Pursuant to the terms of each Swap Transaction, in the event that an Index Cancellation has occurred, the Swap Calculation Agent shall request the Issuer to submit to the Swap Calculation Agent and the Swap Provider a successor index with a substantially similar strategy as the original Index, and upon the Swap Calculation Agent and the Swap Provider agreeing on the successor index submitted by the Issuer, the Swap Calculation Agent shall promptly notify the Issuer and the Swap Provider and such index shall become the "Successor Index" and deemed to be the "Index" for the purposes of the Swap Transaction and the Swap Calculation Agent shall make such adjustment, if any, to any one or more of the terms of the Swap Transaction as the Swap Calculation Agent in its sole and absolute discretion determines appropriate.
- 6.2 If, at the expiration of the Successor Index Determination Period or such other date as the parties may agree, no agreement has been reached amongst the Issuer, the Swap Provider and the Swap Calculation Agent as to the choice of a successor index, then the Swap Transaction shall be automatically terminated in whole on such day and the Cancellation Amount will be payable by the Swap Provider to the Issuer.

## 7. **Consequences of an Index Disruption**

Pursuant to the terms of each Swap Transaction, upon the occurrence of an Index Disruption, the Swap Calculation Agent shall determine whether such Index Disruption has a material effect on such Swap Transaction and, if so, may either:

- (A) request the Issuer to submit to the Swap Calculation Agent and the Swap Provider a successor index with a substantially similar strategy as the original Index, and upon the Swap Calculation Agent and the Swap Provider agreeing on the successor index submitted by the Issuer, the Swap Calculation Agent shall promptly notify the Issuer and the Swap Provider and such index shall become the "Successor Index" and deemed to be the "Index" for the purposes of the Swap Transaction and the Swap Calculation Agent shall make such adjustment, if any, to any one or more of the terms of the Swap Transaction as the Swap Calculation Agent in its sole and absolute discretion determines appropriate;
- (B) calculate the Index Unit Value using, in lieu of the published level for that Index, the level for that Index as at that Valuation Date as calculated by the Swap Calculation Agent in accordance with the formula and method for calculating that Index last in effect prior to the change but using only those securities that comprised that Index immediately prior to the Index Disruption and the Swap Calculation Agent shall make such adjustment, if any, to any one or more of the terms of the Swap Transaction as the Swap Calculation Agent in its sole and absolute discretion determines appropriate and, if at the expiration of the Successor Index Determination Period or such other date as the parties may agree, no agreement has been reached amongst the Issuer, the Swap Provider and the Swap Calculation Agent as to the choice of a successor index or the Swap Calculation Agent has determined that no adjustments can be performed in accordance with paragraph (B) above, then the Swap Transaction shall terminate on such day and the Cancellation Amount will be payable by the Swap Provider to the Issuer;
- (C) if, at the expiration of the Successor Index Determination Period or such other date as the parties may agree, no agreement has been reached amongst the Parties and the Swap Calculation Agent as to the choice of a successor index or the Swap Calculation Agent has determined that no adjustments can be performed in accordance with paragraph (ii) above, then the transaction will be cancelled on such day and the Cancellation Amount will be paid by the Swap Provider to the Issuer; or
- (D) deem the relevant Valuation Date to be a "Disrupted Day" upon which the provisions of section "*Consequences of Disrupted Days*" in paragraph 3.1 above shall apply.

If "Multiple Exchange" applies, a failure on any Valuation Date by the Index Sponsor to calculate and announce the Index shall not be treated as an Index Disruption but shall instead constitute a failure by the Index Sponsor to publish the level of the Index for the purposes of the definition of "Disrupted Day" and the provisions on paragraph 3 above shall apply.

## 8. **Consequences of a Change in Law**

8.1 Pursuant to the terms of each Swap Transaction, upon the occurrence of a Change in Law the effect of which is as defined in sub-paragraph (X) of the definition thereof, the Swap Provider may elect to terminate such Swap Transaction:

- (A) upon providing at least two Valuation Dates notice to the Issuer specifying the date of such termination; or
- (B) if the Swap Provider determines in good faith and a commercially reasonable manner that a shorter notice period is required in order to remedy the effect of the occurrence of a Change in Law, immediately upon provision of notice to the Issuer specifying the date of termination,

and the Cancellation Amount will be payable by the Swap Provider to the Issuer.

8.2 Pursuant to the terms of each Swap Transaction, upon the occurrence of a Change in Law the effect of which is as defined in sub-paragraph (Y) of the definition thereof, the affected party in respect of such Swap Transaction may propose to the other party an amendment to the Daily Swap Rate to reflect the increased cost in performing its obligations under the Swap Transaction resulting from such Change in Law. If the Issuer and the Swap Provider cannot agree to the proposed amendment to the Daily Swap Rate by 5:00p.m. (London time) on the fifth Currency Business Day following the proposal by the Swap Provider, the Swap Transaction shall terminate in whole and the Cancellation Amount will be payable by the Swap Provider to the Issuer. If the Issuer and the Swap Provider agree to amendment to the Daily Swap Rate prior to 5:00p.m. (London time) on the fifth Currency Business Day following its proposal by the Swap Provider, the Daily Swap Rate shall be reset as of such date with no further formalities required.

## 9. **Consequences of a Hedging Disruption**

9.1 Pursuant to the terms of each Swap Transaction, upon the occurrence of a Hedging Disruption the Swap Provider may elect, for so long as the Hedging Disruption is continuing, to (i) terminate the whole of such Swap Transaction, or (ii) (with the agreement of the Issuer) to terminate the Swap Transaction in part by reducing its notional amount, in either case upon providing at least two Currency Business Days notice to the Issuer specifying the date of such termination, and the Cancellation Amount will be payable by the Swap Provider to the Issuer.

9.2 In the event that the Issuer does not agree to a partial termination of the Swap Transaction, following the expiration of a one Currency Business Day period following notification of the occurrence of a Hedging Disruption by the Swap Provider and the Issuer's proposal to terminate the relevant Swap Transaction in part, the Swap Provider may immediately terminate the Swap Transaction in whole, and the Cancellation Amount will be payable by the Swap Provider to the Issuer.

## 10. **Consequences of Increased Cost of Hedging**

Upon the occurrence of an Increased Cost of Hedging, the Swap Provider may propose to the Issuer an amendment to the Daily Swap Rate reasonably necessary to reflect the increased cost in performing its obligations under the Swap Transaction resulting from the Increased Cost of Hedging. If the Issuer and the Swap Provider cannot agree to the proposed amendment to the Daily Swap Rate by 5:00p.m. London time on the fifth Currency Business Day following the proposal by the Swap Provider, the Swap Transaction will be cancelled and the Cancellation Amount will be payable by the Swap Provider to the Issuer. If the Issuer and the Swap Provider agree to the Daily Swap Rate prior to 5:00p.m. London time on the fifth Currency Business Day following its proposal by the Swap Provider, the Daily Swap Rate shall be reset as of such date with no further formalities required.

## 11. **Termination of Swap Transaction as a consequence of Additional Disruption Events**

Notwithstanding anything to the contrary in paragraphs 8 to 10 above, the Issuer and the Swap Provider have agreed that, to the extent deemed practicable by the party affected by the Additional Disruption Event, any right to terminate the Swap Transaction shall not be exercised by the party affected by the Additional Disruption Event earlier than five (5) Business Days, nor later than one Business Day prior to the beginning of a Redemption Unwind Period ending one Valuation Date

before the Additional Disruption Event is due to become effective or impact such party. The amount payable as a result of such termination will be calculated as if the date on which such exercise occurred was the scheduled termination date.

## 12. Consequences of a Restrike Event

If the Final Terms specify that the “Restrike Event Provisions” are applicable, the below provisions will apply.

### 12.1 For Non-Leveraged Indices

#### (A) Restrike Event

If, at any time up to and including the fifteenth minute before the Valuation Time, on any Valuation Date, the level of the Index is lower (if the Product Leverage Factor is positive) or higher (if the Product Leverage Factor is negative) than the Index Price on the immediately preceding Valuation Date or the immediately preceding Restrike Index Level on such Valuation Date (as the case may be) by a percentage equal to or greater than the Restrike Threshold, a “**Restrike Event**” shall be deemed to have occurred and such day shall be deemed to be a “**Restrike Day**”. For the avoidance of doubt, there may be multiple Restrike Events on any Valuation Date but no Restrike Event shall be deemed to have occurred before the end of the Restrike Period of a prior Restrike Event.

The Price per ETP Security in respect of a Restrike Day shall be calculated by the Determination Agent (provided that all the information required to make such calculation has been provided to the Determination Agent by the Swap Calculation Agent) in accordance with the following formula:

$$P_t = (P_r - HA_r) \times \left[ 1 + LF \times \left( \frac{I_t}{I_r} - 1 \right) \right]$$

where:

“ **$P_r$** ” is the Restrike Price per ETP Security on such Restrike Day (or, if more than one Restrike Events occurred on such a day, the Restrike Price per ETP Security for the last such Restrike Event).

“ **$I_r$** ” is the Restrike Index Level for the Restrike Event (or, if more than one Restrike Events occurred on such a day, the last such Restrike Event).

“ **$HA_r$** ” is the Hedging Adjustment associated with the Restrike Event (or, if more than one Restrike Events occurred on such a day, the Restrike Price per ETP Security for the last such Restrike Event).

“ **$LF$** ” is the Product Leverage Factor as specified in the Final Terms.

If, following the occurrence of any Restrike Event, the Restrike Price per ETP Security minus the Hedging Adjustment is less than or equal to zero, such amount shall be floored at zero.

#### (B) Restrike Price per ETP Security

“**Restrike Price per ETP Security**” means an amount in the Settlement Currency calculated by the Determination Agent (provided that all the information required to make such calculation has been provided to the Determination Agent by the Swap Calculation Agent) in respect of a Restrike Event as follows:

- (1) in relation to the first Restrike Event of a Restrike Day (or, if there is only one Restrike Event on such Restrike Day, such Restrike Event), by applying the formula for the calculation of the Price per ETP Security specified in paragraph 2.2 and replacing “ $P_t$ ” with “ $P_r$ ” and “ $I_t$ ” with “ $I_r$ ”, where “ $I_r$ ” is the Restrike Index Level in respect of such Restrike Event; and

- (2) in relation to any Restrike Event after the first Restrike Event of a Restrike Day, in accordance with the following formula:

$$P_r = (P_{r-1} - HA_{r-1}) \times \left[ 1 + LF \times \left( \frac{I_r}{I_{r-1}} - 1 \right) \right]$$

where:

“ $P_{r-1}$ ” is the Restrike Price per ETP Security in respect of the immediately preceding Restrike Event.

“ $I_{r-1}$ ” is the Restrike Index Level in respect of the immediately preceding Restrike Event.

“ $HA_{r-1}$ ” is the Hedging Adjustment associated with the immediately preceding Restrike Event.

## 12.2 For Leveraged Indices

### (A) Restrike Event

If, at any time up to and including the fifteenth minute before the Valuation Time, on any Valuation Date the return of the Index or the Benchmark Index (as specified by the Index Sponsor) from its closing level on the immediately preceding Valuation Date has reached a threshold defined by the Index Sponsor as a trigger for an intraday restrike (or an intraday rebalance, an observation period, a suspension or any other equivalent procedure, howsoever defined, applied by the Index Sponsor following a fall in the value of the Index), then a “**Restrike Event**” shall be deemed to have occurred and such day shall be deemed to be a “**Restrike Day**”.

If, on a Restrike Day after the occurrence of a Restrike Event, the level of the Benchmark Index is lower (if the Product Leverage Factor is positive) or higher (if the Product Leverage Factor is negative) than the immediately preceding Benchmark Index Restrike Level by a percentage equal to or greater than the Restrike Threshold, then such event shall also be deemed a Restrike Event.

For the avoidance of doubt, there may be multiple Restrike Events on any Valuation Date but no Restrike Event shall be deemed to have occurred before the end of the Restrike Period of a prior Restrike Event.

The Price per ETP Security in respect of a Restrike Day shall be calculated by the Determination Agent (provided that all the information required to make such calculation has been provided to the Determination Agent by the Swap Calculation Agent) in accordance with the following formula:

$$P_t = (P_r - HA_r) \times \left[ 1 + LF \times \left( \frac{UI_t}{UI_r} - 1 \right) \right]$$

where:

“ $t$ ” is the relevant Valuation Date.

“ $P_r$ ” is the Restrike Price per ETP Security on such Restrike Day (or, if more than one Restrike Events occurred on such a day, the Restrike Price per ETP Security for the last such Restrike Event).

“ $HA_r$ ” is the Hedging Adjustment (if applicable) associated with the Restrike Event (or, if more than one Restrike Events occurred on such a day, then with the Restrike Price per ETP Security for the last such Restrike Event).

“ $LF$ ” is the Product Leverage Factor as specified in the Final Terms.

“ $UI_r$ ” is the Benchmark Index Restrike Level for the Restrike Event (or, if more than one Restrike Events occurred on such a day, then for the last such Restrike Event).

“ $UI_t$ ” is the Benchmark Index Closing Level for  $t$ .

If, following the occurrence of any Restrike Event, the Restrike Price per ETP Security minus the Hedging Adjustment is less than or equal to zero, such amount shall be floored at zero.

(B) **Restrike Price per ETP Security**

“**Restrike Price per ETP Security**” means an amount in the Settlement Currency calculated by the Determination Agent (provided that all the information required to make such calculation has been provided to the Determination Agent by the Swap Calculation Agent) in respect of a Restrike Event as follows:

- (1) in relation to the first Restrike Event of a Restrike Day (or, if there is only one Restrike Event on such Restrike Day, such Restrike Event), by applying the formula for the calculation of the Price per ETP Security specified in paragraph 2.2 and replacing “Pt” with “Pr” and “It” with “Ir”, where “Ir” is calculated as follows:

$$I_r = I_{rp} \times \frac{1 + LF \times \left( \frac{UI_r}{UI_{t-1}} - 1 \right)}{1 + LF \times \left( \frac{UI_{rp}}{UI_{t-1}} - 1 \right)}$$

where:

“ $I_{rp}$ ” is the level of the Index at the start of the Restrike Period, as calculated by the Swap Calculation Agent.

“ $UI_{rp}$ ” is the level of the Benchmark Index at the start of the Restrike Period, as calculated by the Swap Calculation Agent.

“ $UI_r$ ” is the Benchmark Index Restrike Level.

“ $UI_{t-1}$ ” is the Benchmark Index Closing Level in respect of the immediately preceding Valuation Date; or

- (2) in relation to any Restrike Event after the first Restrike Event of a Restrike Day, in accordance with the following formula:

$$P_r = (P_{r-1} - HA_{r-1}) \times \left[ 1 + LF \times \left( \frac{UI_r}{UI_{r-1}} - 1 \right) \right]$$

where:

“ $P_{r-1}$ ” is the Restrike Price per ETP Security in respect of the immediately preceding Restrike Event.

“ $UI_{r-1}$ ” is the Benchmark Index Restrike Index Level in respect of the immediately preceding Restrike Event.

“ $HA_{r-1}$ ” is the Hedging Adjustment associated with the immediately preceding Restrike Event.

## ANNEX B: COMMODITY SECURITIES ANNEX

### 1. Definitions

For the purposes of this Annex B, as it applies to a Class of ETP Securities that are Commodity Securities, a Swap Transaction and an Index, the following terms have the meanings given to them below:

<b>Additional Disruption Event</b>	A Change in Law, a Hedging Disruption or an Increased Cost of Hedging.
<b>Cancellation Amount</b>	In respect of any termination of a Swap Transaction in whole or in part, an amount payable by the Swap Provider to the Issuer which will be calculated by the Swap Provider in accordance with the formula used to calculate the Price per ETP Security of the relevant Class, where possible, and shall take into account any hedging costs incurred by the Swap Provider. If the Swap Provider, acting in a commercially reasonable manner, determines that it is not possible to determine the Cancellation Amount in accordance with the formula used to calculate the foregoing formulation, it shall determine the Cancellation Amount to be an amount equal to (i) the notional amount of the Swap Transaction (or, in the case of a partial termination, the terminated part thereof) plus any gains (expressed as a positive number) or losses (expressed as a negative number) of the Swap Provider that are or would be realised under then prevailing circumstances in replacing, or in providing for the Swap Provider the economic equivalent of the material terms of the terminated part of such Swap Transaction.
<b>Change in Law</b>	On or after the first Subscription Trade Date in respect of the relevant Class of ETP Securities (a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, in respect of tax, solvency or capital requirements), or (b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing or financial authority), or the combined effect thereof if occurring more than once, the Swap Calculation Agent determines in its sole and absolute discretion that (X) it has become illegal for the relevant Swap Provider or any of its Affiliates to hold, acquire or dispose of Hedge Positions relating to such Swap Transaction or (Y) the Issuer or the Swap Provider or any of their respective Affiliates would incur a materially increased cost (including, without limitation, in respect of any tax, solvency or capital requirements) in maintaining the Swap Transaction or in holding, acquiring or disposing of any Hedge Position.
<b>Commodity Business Day</b>	A day on which (i) the Price Source publishes (or, but for the occurrence of an Index Component Disruption Event or an Index Disruption, would have published) the level of the Index and (ii) the relevant exchange for each Index Component is (or, but for the occurrence of an Index Component Disruption Event or Index Disruption, would have been) open for trading during its regular trading session and on which such exchange published (or, but for the occurrence of an Index Component Disruption Event, would have published) a closing or settlement price

for that Index Component.

<b>Currency Business Day</b>	A day on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the Relevant Currency or, in the case of euros, a city in which banks in general have access to the TARGET2 System.
<b>Dealing Order Day</b>	A day that is both a Dublin business day and a Valuation Date.
<b>Disrupted Day</b>	Any Valuation Date on which an Index Component Disruption Event, a Market Disruption Event or a Severe Disruption Event has occurred.
<b>Effective Valuation Time</b>	In respect of a Valuation Date, the time at which publication of the closing or settlement price for the final Index Component (the " <b>Index Component Price</b> ") to be used in the determination of the Index Price takes place.
<b>Hedging Adjustment</b>	If specified to be applicable in the Final Terms, any costs, expenses, fees or losses (howsoever described) incurred by the Swap Provider, determined on a per Index Unit basis by the Swap Calculation Agent, in acquiring, establishing, re-establishing, substituting, maintaining, unwinding or disposing of any transaction or asset(s) it deems necessary to hedge the performance of its obligations under the Swap Transaction in connection with a Restrike Day or in realising, recovering or remitting the proceeds of any such transaction or asset(s).
<b>Hedging Disruption</b>	The Swap Provider or any of its Affiliates is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transactions or assets (including, without limitation, any transactions that can be used to create a long or short exposure to the Index) that it deems necessary to hedge, in a commercially reasonable manner, the commodity price risk of entering into and performing its obligations with respect to the Transaction (any such transactions or assets, a " <b>Hedging Party Hedge</b> ") or (B) realise, recover or remit the proceeds of a Hedging Party Hedge.
<b>Hedge Positions</b>	Any purchase, sale, entry into or maintenance of one or more positions or contracts in commodities, options, futures, derivatives or foreign exchange or other instruments or arrangements (howsoever described) in order to hedge, in a manner acceptable to the relevant party individually or on a portfolio basis or otherwise, the Swap Transaction.
<b>Increased Cost of Hedging</b>	The Swap Provider would incur a materially increased (as compared with circumstances existing on the Subscription Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the commodity price risk of entering into and performing its obligations with respect to the relevant Swap Transaction, or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to

the deterioration of the creditworthiness of the Swap Provider shall not be deemed an Increased Cost of Hedging.

**Index Adjustment Event**

An Index Modification, an Index Cancellation or an Index Disruption.

**Index Cancellation**

In respect of an Index, the Index Sponsor in respect of that Index permanently cancels such Index and no Successor Index is designated in accordance with paragraph 6 (*Consequences of an Index Cancellation*) of this Annex A.

**Index Component Disruption Event**

The occurrence or existence of any of the following in respect of any of the futures contracts, commodities, commodity indices or sub-indices used to calculate the Index Price (each, an “**Index Component**”) shall, at the discretion of the Swap Calculation Agent, constitute an Index Component Disruption Event:

- (a) (i) the failure of the Price Source to announce or publish the price (or the information necessary for calculating the price) of any Index Component used to calculate the Index Price; or (ii) the temporary or permanent discontinuance or unavailability of the Price Source;
- (b) the termination, material suspension or material disruption in trading, of any Index Component;
- (c) the Index Component Price has increased or decreased from the previous day’s published settlement price by an amount equal to the maximum amount permitted under the applicable exchange rules for such futures contract; or
- (d) the failure by the relevant exchange to announce or publish the settlement price or the level for any Index Component or the early closure of the exchange in respect of any Index Component, unless such earlier closing time is announced by such exchange at least one hour prior to the actual closing time for the regular trading session on the exchange.

For these purposes, a suspension in trading of an Index Component shall be deemed to be material only if (I) all trading in the relevant Index Component is suspended for that entire Valuation Date; or (II) all trading in the relevant Index Component is suspended subsequent to the opening of trading on the Valuation Date, trading does not recommence prior to the regularly scheduled close of trading in such Index Component on such Valuation Date, and such suspension is announced less than one hour preceding its commencement.

A disruption of trading in the relevant Index Component on any Valuation Date shall be deemed to be material only if the relevant exchange or trading facility for transactions relating to the Index Component establishes limits on the range within which the price of the relevant Index Component may fluctuate and the closing or settlement price of the relevant Index Component on such day is at

the upper or lower limit of that range.

An Index Component Disruption Event shall occur on any Valuation Date (an “**Index Component Disrupted Day**”) only if so determined by the Swap Calculation Agent, acting in good faith and in a commercially reasonable manner, with such determination to be notified to the Issuer (with a copy to the Determination Agent) in writing by 8:00a.m. (London time) (using commercially reasonable efforts) on the Commodity Business Day immediately following such Index Component Disrupted Day but in any event by no later than 12:00 noon on such day.

<b>Index Disruption</b>	In respect of an Index on any Valuation Date, the Index Sponsor fails to calculate and announce such Index.
<b>Index Methodology</b>	The most recent version of the Index Cancellation methodology underlying the calculation of the Index, being the then current version of the methodology compiled and published by Index Sponsor, or any successor thereto, subject to paragraphs 5 to 7 below.
<b>Index Modification</b>	In respect of an Index, the Index Sponsor announces that it shall make a material change in the formula for or the method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation and other routine events).
<b>Index Price</b>	In respect of a Valuation Date, level of the Index at the Valuation Time on such Valuation Date as reported by the Price Source (subject to the provisions of paragraphs 3 to 7 below).
<b>Index Sponsor</b>	The corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to the Index and (b) announces (directly or through an agent) the level of the Index on a regular basis during each Valuation Date.
<b>Index Unit</b>	In respect of an Index, one unit of such Index. On any day, the aggregate number of Index Units in respect of each Swap Transaction entered into by the Issuer in relation to the ETP Securities is expected be equal to (i) the number of ETP Securities hedged by such Swap Transaction then outstanding plus (ii) the number of ETP Securities to be hedged under such Swap Transaction specified in all valid Subscription Orders less the number of ETP Securities to be hedged under such Swap Transaction specified in all valid Redemption Orders, provided that such Subscription Orders or Redemption Orders have not (a) been withdrawn or cancelled as provided in the Operating Procedures Agreement, (b) settled or (c) been subject to postponement under the terms of such Swap Transaction.
<b>Index Unit Value</b>	On any day, the value of an Index Unit, which shall be an amount equal to the Price of an ETP Security on such calendar day.

<b>Maximum Days of Disruption</b>	8 Commodity Business Days.
<b>Price Source</b>	As specified in the Final Terms.
<b>Product Leverage Factor</b>	As specified in the Final Terms.
<b>Reference Benchmark</b>	Any long, non-leveraged commodity index, commodity futures, exchange traded product or, if the Index is a diversified index, any combination or basket thereof which, in the determination of the Swap Calculation Agent, appropriately represents the then current composition of the Index by weight and sector, and has exhibited over the two year period preceding the day on which the Severe Disruption Event occurred (i) a level of daily correlation to the Index of at least 80 per cent. and (ii) similar volatility levels.
<b>Restrike Event Trigger Time</b>	<p>In respect of a Valuation Date, the earlier of:</p> <ul style="list-style-type: none"> <li>(i) the time at which the official level of the Index falls below (if the Product Leverage Factor is positive) or rises above (if the Product Leverage Factor is negative) either: <ul style="list-style-type: none"> <li>(a) the Index Price on the immediately preceding Valuation Date, if no Restrike Event occurred on such day; or</li> <li>(b) the immediately preceding Restrike Index Level, otherwise,</li> </ul> <p>by a percentage equal to or greater than the Restrike Threshold; or</p> </li> <li>(ii) the time at which the level of any Reference Benchmark falls below (if the Product Leverage Factor is positive) or rises above (if the Product Leverage Factor is negative) either <ul style="list-style-type: none"> <li>(a) its level at the Effective Valuation Time on the immediately preceding Valuation Date, if no Restrike Event occurred on such day; or</li> <li>(b) the immediately preceding Restrike Reference Benchmark Level on such Valuation Date, otherwise,</li> </ul> <p>by a percentage equal to or greater than the Restrike Threshold.</p> </li> </ul>
<b>Restrike Index Level</b>	The minimum (if the Product Leverage Factor is positive) or maximum (if the Product Leverage Factor is negative) level of the Index during the Restrike Period, as calculated by the Swap Calculation Agent (or, in the absence of published levels of the Index, such maximum or minimum level, as the case may be, as the Swap Calculation Agent shall determine in a commercially reasonable manner).
<b>Restrike Period</b>	The period starting on, and including, the minute when the Restrike Event is triggered and ending 15 minutes later, as determined by the Swap Calculation Agent.
<b>Restrike Reference Benchmark</b>	The minimum (if the Product Leverage Factor is positive)

<b>Level</b>	or maximum (if the Product Leverage Factor is negative) level of the Reference Benchmark during the Restrike Period, as calculated by the Swap Calculation Agent.
<b>Restrike Threshold</b>	In respect of any Class, the level specified for such Class in the applicable Final Terms.
<b>Settlement Currency</b>	The currency of denomination of the ETP Securities.
<b>Severe Disruption Event</b>	A Severe Intraday Market Disruption Event or a Severe Overnight Gap Event.
<b>Severe Disruption Event Threshold</b>	The level specified in the Final Terms.
<b>Severe Intraday Market Disruption Event</b>	On any Valuation Date, (i) the occurrence or existence of an Index Component Disruption Event and (ii) a determination by the Swap Calculation Agent that the level of any Reference Benchmark on such Valuation Date has fallen (if the Product Leverage Factor is positive) or risen (if the Product Leverage Factor is negative) by more than the Severe Disruption Event Threshold from the level of such Reference Benchmark at the Effective Valuation Time on the Valuation Date immediately prior to the Valuation Date on which the relevant Index Component Disruption Event occurred and while it is still occurring.
<b>Severe Overnight Gap Event</b>	On any day, a determination by the Swap Calculation Agent that the level of a Reference Benchmark has fallen (if the Product Leverage Factor is positive) or risen (if the Product Leverage Factor is negative) by more than the Severe Overnight Gap Event Threshold from and including the Effective Valuation Time on the immediately preceding Valuation Date to any time prior to the commencement of Standard Trading Hours on such day.
<b>Severe Overnight Gap Event Threshold</b>	The level specified in the Final Terms.
<b>Severely Disrupted Day</b>	Any Commodity Business Day on which a Severe Disruption Event has occurred and is continuing.
<b>Standard Trading Hours</b>	The hours during which market counterparts undertake trades (whether on- or off-exchange) in the Index Components, as determined by the Swap Calculation Agent and specified in the Final Terms.
<b>Successor Index</b>	In respect of a Swap Transaction, the index designated as a "Successor Index" pursuant to paragraph 5 ( <i>Consequences of an Index Modification</i> ), paragraph 6 ( <i>Consequences of an Index Cancellation</i> ) or paragraph 7 ( <i>Consequences of an Index Disruption</i> ) below.
<b>Successor Index Determination Period</b>	The period from an including the announcement (in the case of an Index Modification or an Index Cancellation) or the occurrence (following an Index Disruption) of the Index Adjustment Event to the date that falls: <ul style="list-style-type: none"> <li>(i) in the case of an "Index Modification" or "Index Cancellation", the number of days in the Redemption Unwind Period before the date that such Index Adjustment Event is due to become</li> </ul>

effective; and

- (ii) in the case of an "Index Disruption", five Business Days thereafter.

**Valuation Date** Each Commodity Business Day, subject to paragraphs 3 to 7 below.

**Valuation Time** The time at which the official closing level of the Index is calculated and published by the Index Sponsor.

## 2. **Pricing of Commodity Securities**

### 2.1 **Calculation and publication of Price per ETP Security**

The Determination Agent shall calculate the price per ETP Security (the "**Price per ETP Security**") in respect of each Valuation Date, upon which the Issuer shall publish such Price per ETP Security in respect of such Valuation Date during the term of the ETP Securities up to (and including) the earliest to occur of the Compulsory Redemption Date, the Optional Redemption Date (in respect of all the outstanding ETP Securities) and the Final Redemption Date in accordance with paragraphs 2.2 and 2.4 and shall notify its calculation of the Price per ETP Security in respect of a Valuation Date to the Issuer, the Authorised Participant(s), the Swap Provider(s) and the Issuing and Paying Agent by no later than 2.00p.m. (London time) on the immediately following Valuation Date, upon which the Issuer shall publish such Price per ETP Security in respect of such Valuation Date by no later than 4:00p.m. (London time) on such immediately following Valuation Date.

### 2.2 **Price per ETP Security in respect of a Valuation Date**

Subject to paragraph 2.4, the Price per ETP Security on a Valuation Date shall be an amount per ETP Security in the Relevant Currency (calculated to 7 decimal places with 0.00000005 rounded upwards, and subject to a floor of zero) calculated by the Determination Agent as follows:

- (i) if such day is an Index Component Disrupted Day or the Valuation Date immediately following an Index Component Disrupted Day, in accordance with the "Index Component Disruption Events and Consequences thereof" provisions below;
- (ii) if such day is a Restrike Day, in accordance with the "Restrike Events" provisions below;
- (iii) otherwise, by using the following formula:

$$P_t = P_{t-1} \times [1 + R_t] \times [1 - CA_t],$$

where:

" $P_t$ " is the Price per ETP Security on  $t$  and  $P_0$  is the Initial Price.

"**Initial Price**" is the price specified in the Final Terms.

" $P_{t-1}$ " is the Price per ETP Security on  $t-1$ .

" $t$ " is the Valuation Date in respect of which the Price per ETP Security is being calculated.

" $t-1$ " is the Valuation Date preceding  $t$  (with " $t_0$ " being the Class Issue Date).

" $CA_t$ " is the daily fee adjustment applicable on  $t$ , as calculated in accordance with the following formula:

$$CA_t = Annual\ Management\ Fee\ Rate_t \times \frac{D_{t,t-1}}{360} + Daily\ Swap\ Rate_t \times D_{t,t-1},$$

where:

"**Annual Management Fee Rate<sub>t</sub>**" means the rate specified in the Final Terms, as may be amended by the Issuer from time to time as provided in the Operating Procedures

Agreement with effect from the fifth calendar day following the day on which notice of such adjustment is given to the holders in accordance with Condition 18 (or such later date as may be specified in such notice).

“**Daily Swap Rate<sub>t</sub>**” means the Daily Swap Rate specified in the Final Terms, as may be amended from time to time by agreement between the Issuer and the Swap Provider as provided in the Swap Provider Agreement with effect from the day on which notice of such adjustment is given to the holders in accordance with Condition 18 (or such later date as may be specified in such notice).

“**D<sub>t,t-1</sub>**” is the number of calendar days from but excluding *t-1* to and including *t*.

“**R<sub>t</sub>**” is calculated in accordance with the following formula:

$$R_t = LF \times \left[ \frac{I_t}{I_{t-1}} - 1 \right] + ROC_t$$

where:

“**ROC<sub>t</sub>**” means an adjustment on account of the return on collateral in connection with a fully collateralised futures position, as calculated in accordance with the following formula:

$$ROC_t = ffer_{t-1} \times \frac{D_{t,t-1}}{360}$$

where:

“**ffer<sub>t-1</sub>**” is the Fed Funds Effective Rate.

“**LF**” is the applicable Product Leverage Factor, as specified in the Final Terms.

“**I<sub>t</sub>**” is the Index Price in respect of *t*.

“**I<sub>t-1</sub>**” is the Index Price in respect of *t-1*.

- 2.3 In order that the Price per ETP Security and the Index Unit Value in respect of any Valuation Date be equal, the Price per ETP Security shall be subject to the same adjustments and modifications as may be applied to the Index Unit Value pursuant to the terms of the Swap Transaction(s), as summarised in this paragraph 2 and in paragraphs 3 to 12 of this Annex B.

### 3. **Consequences of a Severe Disruption Event**

On any Valuation Date on which a Severe Disruption Event occurs, the Swap Provider may take the action described in (A) or (B) below:

- (A) postpone such Valuation Date (the “**Scheduled Valuation Date**”) to the first succeeding Commodity Business Day that is not a Severely Disrupted Day unless each of the three Commodity Business Days immediately following the Scheduled Valuation Date is a Severely Disrupted Day. In that case the Swap Calculation Agent may elect to deem the third Commodity Business Day to be the Valuation Date, notwithstanding the fact that such day is a Severely Disrupted Day, and the Swap Calculation Agent shall calculate the level of the Index as of such third Commodity Business Day in accordance with the provisions of “*Consequences of an Index Component Disruption Event*” described in paragraph 4 below; or
- (B) on any Currency Business Day from and including the first relevant Severely Disrupted Day in respect of the occurrence of the relevant Severe Disruption Event and provided that such Currency Business Day is also a Severely Disrupted Day, terminate the Swap Transaction upon written notice (a “**Transaction Early Termination Notice**”) to the Issuer. Following such Transaction Early Termination Notice, the Swap Transaction will be terminated as of the date specified in the Swap Transaction Early Termination Notice, which may be the date of the Swap Transaction Early Termination Notice, and the Cancellation Amount will be payable by the Swap Provider to the Issuer.

- (C) If, in the determination of the Swap Calculation Agent, an event occurs which could constitute an Index Component Disruption Event or an Index Disruption or a Severe Disruption Event, the Swap Calculation Agent will determine in its sole discretion whether to apply the provisions of paragraph 4, paragraph 7 or this paragraph 3 and shall notify the Issuer of its determination as soon as reasonably practicable, but in no event later than 8:00a.m. (London time) on the Valuation Date immediately following the occurrence of such event.

4. **Consequences of an Index Component Disruption Event**

4.1 Upon the occurrence or existence of an Index Component Disruption Event on any Valuation Date, the Determination Agent shall calculate the Price per ETP Security in respect of each relevant Index Component Disrupted Day on which a valid Subscription Order or Redemption Order is received by or on behalf of the Issuer and any Valuation Date immediately following an Index Component Disrupted Day that is not itself an Index Component Disrupted Day (the “**First Index Component Non-Disrupted Day**”) as provided in this paragraph 4.

(A) With respect to each Index Component Disrupted Day, the Determination Agent shall calculate and provide to the Issuer an indicative price per ETP Security (the “**Indicative Price per ETP Security**”) as the sum of:

(1) the amount calculated in accordance with the formula used to calculate the Price per ETP Security specified in paragraph 2.2 above, where the meaning of  $P_{t-1}$  is replaced by “the Indicative Price per ETP Security in respect of  $t-1$ ” if  $t-1$  was an Index Component Disrupted Day”, and

(2) an “**Index Component Disruption Adjustment**” in respect of such Index Component Disrupted Day, calculated by the Swap Calculation Agent to account for the economic impact on the Swap Transaction of the Index Component Disruption Event.

(B) With respect to the First Index Component Non-Disrupted Day, the Determination Agent will calculate the Price per ETP Security as the sum of:

(1) the amount calculated in accordance with the formula used to calculate the Price per ETP Security specified in paragraph 2.2 above, where the meaning of  $P_{t-1}$  is replaced by the Indicative Price per ETP Security in respect of  $t-1$ ; and

(2) an Index Component Disruption Adjustment, calculated by the Swap Calculation Agent in respect of such First Index Component Non-Disrupted Day.

(C) The Determination Agent shall calculate the Price per ETP Security in respect of any Index Component Disrupted Day on which a valid Subscription Order or Redemption Order is received by or on behalf of the Issuer as the sum of:

(1) the Indicative Price per ETP Security calculated for that Index Component Disrupted Day; and

(2) an “**Index Component Disruption Settlement Adjustment**” in respect of that Index Component Disrupted Day, calculated by the Swap Calculation Agent to account for the economic impact of the Index Component Disruption Event on such Subscription Order or Redemption Order.

Such Price per ETP Security shall be calculated once each of the Index Components that were affected by an Index Component Disruption Event on such day has had at least one Scheduled Trading Day on which it was not affected by an Index Component Disruption Event.

(D) The Determination Agent’s obligation to determine the Price per ETP Security or Indicative Price per ETP Security pursuant to this paragraph 4.1 shall be conditional upon all information required to make such calculation having been provided to the Determination Agent by the Swap Calculation Agent).

- 4.2 If an Index Component Disruption Event has occurred or is continuing on each of the number of consecutive Commodity Business Days equal to the Maximum Days of Disruption immediately following the relevant Valuation Date, either the Issuer or the Swap Provider may elect to terminate the Swap Transaction on any Commodity Business Day on which such Index Component Disruption Event is occurring. If the Swap Transaction is terminated in accordance with this paragraph 4.2, the Cancellation Amount will be payable by the Swap Provider to the Issuer.
- 4.3 If neither the Issuer nor the Swap Provider elects to terminate the Swap Transaction in accordance with paragraph 4.2 above, the Swap Calculation Agent will, for a further ten (10) Commodity Business Days, determine a level for the Index which in its determination reflects the level that would have been published by the Index Sponsor accounting for the occurrence of the Index Component Disruption Event and, if on such tenth Commodity Business Day the Index Component Disruption Event is, in the determination of the Swap Calculation Agent, still subsisting, the Swap Transaction will be automatically terminated and the Cancellation Amount will be payable by the Swap Provider to the Issuer.

#### 5. **Consequences of an Index Modification**

Pursuant to the terms of each Swap Transaction, upon the occurrence of an Index Modification, the Swap Calculation Agent shall determine whether such Index Modification has a material effect on such Swap Transaction and, if so, may either:

- (A) request the Issuer to submit to the Swap Calculation Agent and the Swap Provider a successor index with a substantially similar strategy as the original Index, and upon the Swap Calculation Agent and the Swap Provider agreeing on the successor index submitted by the Issuer, the Swap Calculation Agent shall promptly notify the Issuer and the Swap Provider and such index shall become the "Successor Index" and deemed to be the "Index" for the purposes of the Swap Transaction and the Swap Calculation Agent shall make such adjustment, if any, to any one or more of the terms of the Swap Transaction as the Swap Calculation Agent in its sole and absolute discretion determines appropriate; or
- (B) calculate the Index Unit Value using, in lieu of the published level for that Index, the level for that Index as at that Valuation Date as calculated by the Swap Calculation Agent in accordance with the formula and method for calculating that Index last in effect prior to the change but using only those commodities that comprised that Index immediately prior to the Index Modification and the Swap Calculation Agent shall make such adjustment, if any, to any one or more of the terms of the Swap Transaction as the Swap Calculation Agent in its sole and absolute discretion determines appropriate; or
- (C) if, at the expiration of the Successor Index Determination Period or such other date as the parties may agree, no agreement has been reached amongst the Issuer, the Swap Provider and the Swap Calculation Agent as to the choice of a successor index, or the Swap Calculation Agent has determined that no adjustments can be performed in accordance with paragraph (B) above, then the Swap Transaction will be cancelled on such day and the Cancellation Amount will be payable by the Swap Provider to the Issuer.

#### 6. **Consequences of an Index Cancellation**

- 6.1 Pursuant to the terms of each Swap Transaction, in the event that an Index Cancellation has occurred, the Swap Calculation Agent shall request the Issuer to submit to the Swap Calculation Agent and the Swap Provider a successor index with a substantially similar strategy as the original Index, and upon the Swap Calculation Agent and the Swap Provider agreeing on the successor index submitted by the Issuer, the Swap Calculation Agent shall promptly notify the Issuer and the Swap Provider and such index shall become the "Successor Index" and deemed to be the "Index" for the purposes of the Swap Transaction and the Swap Calculation Agent shall make such adjustment, if any, to any one or more of the terms of the Swap Transaction as the Swap Calculation Agent in its sole and absolute discretion determines appropriate.
- 6.2 If, at the expiration of the Successor Index Determination Period or such other date as the parties may agree, no agreement has been reached amongst the Issuer, the Swap Provider and the Swap Calculation Agent as to the choice of a successor index, then the Swap Transaction shall be automatically terminated in whole on such day and the Cancellation Amount will be payable by the Swap Provider to the Issuer.

## 7. **Consequences of an Index Disruption**

Pursuant to the terms of each Swap Transaction, upon the occurrence of an Index Disruption on a Valuation Date, the Swap Calculation Agent shall determine whether such Index Disruption has a material effect on such Swap Transaction and, if so, may either:

- (A) request the Issuer to submit to the Swap Calculation Agent and the Swap Provider a successor index with a substantially similar strategy as the original Index, and upon the Swap Calculation Agent and the Swap Provider agreeing on the successor index submitted by the Issuer, the Swap Calculation Agent shall promptly notify the Issuer and the Swap Provider and such index shall become the "Successor Index" and deemed to be the "Index" for the purposes of the Swap Transaction and the Swap Calculation Agent shall make such adjustment, if any, to any one or more of the terms of the Swap Transaction as the Swap Calculation Agent in its sole and absolute discretion determines appropriate; or
- (B) calculate the Index Unit Value using, in lieu of the published level for that Index, the level for that Index as at that Valuation Date as calculated by the Swap Calculation Agent in accordance with the formula and method for calculating that Index last in effect prior to the change but using only those commodities that comprised that Index immediately prior to the Index Disruption and the Swap Calculation Agent shall make such adjustment, if any, to any one or more of the terms of the Swap Transaction as the Swap Calculation Agent in its sole and absolute discretion determine appropriate; or
- (C) if at the expiration of a five Business Day period following notification of the occurrence of the Index Disruption, no agreement has been reached amongst the Issuer, the Swap Provider and the Swap Calculation Agent as to the choice of a successor index or the Swap Calculation Agent has determined that no adjustments can be performed in accordance with paragraph (B) above, then the Swap Transaction shall terminate on such day and the Cancellation Amount will be payable by the Swap Provider to the Issuer.

## 8. **Consequences of a Change in Law**

8.1 Pursuant to the terms of each Swap Transaction, upon the occurrence of a Change in Law the effect of which is as defined in sub-paragraph (X) of the definition thereof, the Swap Provider may elect to terminate such Swap Transaction:

- (A) upon providing at least two Commodity Business Days notice to the Issuer specifying the date of such termination; or
- (B) if the Swap Provider determines in good faith and a commercially reasonable manner that a shorter notice period is required in order to remedy the effect of the occurrence of a Change in Law, immediately upon provision of notice to the Issuer specifying the date of termination,

and the Cancellation Amount will be payable by the Swap Provider to the Issuer.

8.2 Pursuant to the terms of each Swap Transaction, upon the occurrence of a Change in Law the effect of which is as defined in sub-paragraph (Y) of the definition thereof, the affected party in respect of such Swap Transaction may propose to the other party an amendment to the Daily Swap Rate to reflect the increased cost in performing its obligations under the Swap Transaction resulting from such Change in Law. If the Issuer and the Swap Provider cannot agree to the proposed amendment to the Daily Swap Rate by 5:00p.m. (London time) on the fifth Currency Business Day following the proposal by the Swap Provider, the Swap Transaction shall terminate in whole and the Cancellation Amount will be payable by the Swap Provider to the Issuer. If the Issuer and the Swap Provider agree to amendment to the Daily Swap Rate prior to 5:00p.m. (London time) on the fifth Currency Business Day following its proposal by the Swap Provider, the Daily Swap Rate shall be reset as of such date with no further formalities required.

## 9. **Consequences of a Hedging Disruption**

9.1 Pursuant to the terms of each Swap Transaction, upon the occurrence of a Hedging Disruption the Swap Provider may elect, for so long as the Hedging Disruption is continuing, to (i) terminate the whole of such Swap Transaction, or (ii) (with the agreement of the Issuer) to terminate the Swap Transaction in part by reducing its notional amount, in either case upon providing at least two

Currency Business Days notice to the Issuer specifying the date of such termination, and the Cancellation Amount will be payable by the Swap Provider to the Issuer.

9.2 In the event that the Issuer does not agree to a partial termination of the Swap Transaction, following the expiration of a one Currency Business Day period following notification of the occurrence of a Hedging Disruption by the Swap Provider and the Issuer's proposal to terminate the relevant Swap Transaction in part, the Swap Provider may immediately terminate the Swap Transaction in whole, and the Cancellation Amount will be payable by the Swap Provider to the Issuer.

10. **Consequences of Increased Cost of Hedging**

Upon the occurrence of an Increased Cost of Hedging, the Swap Provider may propose to the Issuer an amendment to the Daily Swap Rate reasonably necessary to reflect the increased cost in performing its obligations under the Swap Transaction resulting from the Increased Cost of Hedging. If the Issuer and the Swap Provider cannot agree to the proposed amendment to the Daily Swap Rate by 5:00p.m. London time on the fifth Currency Business Day following the proposal by the Swap Provider, the Swap Transaction will be cancelled and the Cancellation Amount will be payable by the Swap Provider to the Issuer. If the Issuer and the Swap Provider agree to the Daily Swap Rate prior to 5:00p.m. London time on the fifth Currency Business Day following its proposal by the Swap Provider, the Daily Swap Rate shall be reset as of such date with no further formalities required.

11. **Termination of Swap Transaction as a consequence of Additional Disruption Events**

Notwithstanding anything to the contrary in paragraphs 8 to 10 above, the Issuer and the Swap Provider have agreed that, to the extent deemed practicable by the party affected by the Additional Disruption Event, any right to terminate the Swap Transaction shall not be exercised by the party affected by the Additional Disruption Event earlier than five (5) Business Days, nor later than one Business Day prior to the beginning of a Redemption Unwind Period ending one Valuation Date before the Additional Disruption Event is due to become effective or impact such party. The amount payable as a result of such termination will be calculated as if the date on which such exercise occurred was the scheduled termination date.

12. **Consequences of a Restrike Event**

(A) **Restrike Event**

If a Restrike Event Trigger Time exists in respect of a Valuation Date during Standard Trading Hours, a "**Restrike Event**" shall be deemed to have occurred and such day shall be deemed to be a Restrike Day, unless the Restrike Event Trigger Time occurs at any time from and including the fifteenth minute before the Effective Valuation Time to the Effective Valuation Time, in which case it shall be disregarded. For the avoidance of doubt, there may be multiple Restrike Events on any Valuation Date but no Restrike Event shall be deemed to have occurred before the end of the Restrike Period of a prior Restrike Event.

The Price per ETP Security in respect of a Restrike Day shall be calculated by the Determination Agent (provided that all the information required to make such calculation has been provided to the Determination Agent by the Swap Calculation Agent) in accordance with the following formula:

$$P_t = (P_r - HA_r) \times \left[ 1 + LF \times \left( \frac{I_t}{I_r} - 1 \right) \right]$$

where:

"**P<sub>r</sub>**" is the Restrike Price per ETP Security of such Restrike Day.

"**HA<sub>r</sub>**" is the Hedging Adjustment (if applicable) associated with the Restrike Event (or, if more than one Restrike Events occurred on such a day, the last such Restrike Event).

"**LF**" is the Product Leverage Factor as specified in the Final Terms.

" $I_r$ " is the Restrike Index Level for the Restrike Event (or, if more than one Restrike Events occurred on such a day, the last such Restrike Event).

" $I_t$ " is the Index Price in respect of t.

" $t$ " is such Restrike Day.

If, following the occurrence of any Restrike Event, the Restrike Price per ETP Security (accounting for the Hedging Adjustment (if applicable)) is less than or equal to zero, such amount shall be floored at zero.

(B) **Restrike Price per ETP Security**

"**Restrike Price per ETP Security**" means an amount in the Settlement Currency calculated by the Determination Agent (provided that all the information required to make such calculation has been provided to the Determination Agent by the Swap Calculation Agent) in respect of a Restrike Event as follows:

- (i) in relation to the first Restrike Event of a Restrike Day (or, if there is only one Restrike Event on such Restrike Day, such Restrike Event), by applying the formula for the calculation of the Price per ETP Security specified in paragraph 2.2 and replacing " $I_t$ " with " $I_r$ ", where " $I_r$ " is the Restrike Index Level for that Restrike Event; or
- (ii) in relation to any Restrike Event after the first Restrike Event of a Restrike Day, in accordance with the following formula:

$$P_r = (P_{r-1} - HA_{r-1}) \times \left[ 1 + LF \times \left( \frac{I_r}{I_{r-1}} - 1 \right) \right]$$

where:

" $P_{r-1}$ " is the Restrike Price per ETP Security in respect of the immediately preceding Restrike Event.

" $I_r$ " is the Restrike Index Level in respect of that Restrike Event.

" $I_{r-1}$ " is the Restrike Index Level in respect of the immediately preceding Restrike Event.

" $HA_{r-1}$ " is the Hedging Adjustment associated with the immediately preceding Restrike Event.

" $LF$ " is the Product Leverage Factor as specified in the Final Terms.

## ANNEX C: FUNDING AND BORROWING ADJUSTMENT RATES ANNEX

“Interest Rate”, “Funding Spread”, “Stock Borrow Rate” and “Transaction Tax Rate” shall have the meanings set out below:

“**Interest Rate**” means, in respect of a day, any of “Not Applicable” or (1) Fed Funds Effective Rate, (2) EONIA, (3) SONIA, or (4) Overnight HIBOR on such day, as specified in the Final Terms.

“**Funding Spread**” means, in respect of a day, any of “Not Applicable” or (1) 1Yr US LIBOR-OIS Spread, (2) 1Yr EURIBOR–OIS Spread, (3) 1Yr UK LIBOR-OIS Spread, (4) 1Yr HIBOR-OIS Spread, on such day, as specified in the Final Terms.

“**Stock Borrowing Rate**” means the rate which is specified in the Final Terms, and may change from time to time.

“**Transaction Tax Rate**” means the rate which is specified in the Final Terms, and may change from time to time.

“**1Yr US LIBOR-OIS Spread**” means, in respect of a day, the average of the excess of (i) 1Yr US LIBOR rate over (ii) 1Yr USD Overnight Indexed Swap (OIS) rate, calculated over each of the 5 currency business days following the 15<sup>th</sup> day of the calendar month immediately preceding the calendar month of such day.

“**1Yr EURIBOR-OIS Spread**” means, in respect of a day, the average of the excess of (i) 1Yr EURIBOR rate over (ii) 1Yr EUR Swap (EONIA) rate, calculated over each of the 5 currency business days following the 15<sup>th</sup> day of the calendar month immediately preceding the calendar month of such day.

“**1Yr UK LIBOR-OIS Spread**” means, in respect of a day, the average of the excess of (i) 1Yr UK LIBOR rate over (ii) 1Yr GBP Swap (SONIA) rate, calculated over each of the 5 currency business days following the 15<sup>th</sup> day of the calendar month immediately preceding the calendar month of such day.

“**1 Yr HIBOR-OIS Spread**” means, in respect of a day, the average of the excess of (i) 1Yr HIBOR rate over (ii) 1Yr HKD OIS rate, calculated over each of the 5 currency business days following the 15<sup>th</sup> day of the calendar month immediately preceding the calendar month of such day.

“**1Yr US LIBOR**” means on any day, the rate for deposits in U.S. dollars for a period of 12 months which appears on Bloomberg page US0012M INDEX for that day or, if not available, ascertained from any other source as the Swap Calculation Agent may deem appropriate.

“**1Yr UK LIBOR**” means, in respect of a day, the rate for deposits in pounds sterling for a period of 12 months which appears on Bloomberg Page BP0012M INDEX for that day or, if not available, ascertained from any other source as the Swap Calculation Agent may deem appropriate.

“**1Yr EURIBOR**” means, in respect of a day, the rate for deposits in euro for a period of 12 months which appears on Bloomberg Page EUR012M INDEX for that day or, if not available, ascertained from any other source as the Swap Calculation Agent may deem appropriate.

“**1Yr HIBOR**” means, in respect of a day, the rate for deposits in Hong-Kong dollar for a period of 12 months which appears on Bloomberg Page HIHD12M INDEX for that day or, if not available, ascertained from any other source as the Swap Calculation Agent may deem appropriate.

“**1Yr USD Overnight Indexed Swap (OIS)**” means, in respect of a day, the fixed leg interest rate of the fixed/floating interest rate swap with the floating leg computed using the Fed Funds Effective Rate, which appears as the closing value for such day on Bloomberg page USSO1 CURRENCY HP or, if not available, ascertained from any other source as the Swap Calculation Agent may deem appropriate.

“**1Yr EUR Swap (EONIA)**” means, in respect of a day, the fixed leg interest rate of the fixed/floating interest rate swap with the floating leg computed using the EONIA, which appears as the closing value for such day on Bloomberg page EUSWE1 CURRENCY HP or, if not available, ascertained from any other source as the Swap Calculation Agent may deem appropriate.

“**1Yr GBP Swap (SONIA)**” means, in respect of a day, the fixed leg interest rate of the fixed/floating interest rate swap with the floating leg computed using the SONIA, which appears as the closing value for such day on Bloomberg page BPSWS1 CURRENCY HP or, if not available, ascertained from any other source as the Swap Calculation Agent may deem appropriate.

**"1Yr HKD OIS"** means, in respect of a day, the fixed leg interest rate of the fixed/floating interest rate swap with the floating leg computed using the relevant Hong Kong Dollar OIS reference rate, which appears as the closing value for such day on Bloomberg page HDSO1 CURRENCY HP or, if not available, ascertained from any other source as the Swap Calculation Agent may deem appropriate.

**"EONIA"** means, in respect of a day, the overnight rate as calculated by the European Central Bank and appearing on Reuters Screen EONIA Page, Bloomberg page EONIA Index or any substituted publication and/or page therefor in respect of that day or the immediately preceding day for which it had a value or, if not available, ascertained from any other source as the Swap Calculation Agent may deem appropriate.

**"Fed Funds Effective Rate"** means, in respect of a day, the rate of interest (expressed as an annual rate) as published in Federal Reserve Statistical Release H.15 (519) or Reuters Screen FEDFUNDS 1 Page or Bloomberg Page FEDL01 INDEX or any substituted publication therefor, charged for federal funds (dollars in immediately available funds borrowed by banks on an overnight unsecured basis) on that day or the immediately preceding day for which it had a value or, if not available, ascertained from any other source as the Swap Calculation Agent may deem appropriate.

**"SONIA"** means the overnight rate as calculated by the Wholesale Markets Brokers' Association and appearing on the Reuters Screen SONIA Page or any substituted publication and/or page therefor in respect of that day, if that day is a London Business Day, or, in respect of the London Business Day immediately preceding that day, if that day is not a London Business Day or, if not available, ascertained from any other source as the Swap Calculation Agent may deem appropriate.

**"Overnight HIBOR"** means, on any day, the overnight rate for deposits in Hong Kong Dollar which appears on Bloomberg Page HIHDO/N Index for that day or the immediately preceding day for which it had a value or, if not available, ascertained from any other source as the Swap Calculation Agent may deem appropriate.

## FORM OF FINAL TERMS

*Pro Forma Final Terms for an issue by Boost Issuer Public Limited Company under its ETP Securities Programme*

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Final Terms dated: [    ]

LSE Code: [    ]

### BOOST ISSUER PUBLIC LIMITED COMPANY

*(a public company incorporated with limited liability in Ireland)*

Issue of

[number] [Class] ETP Securities

pursuant to the

Collateralised ETP Securities Programme

(the “**ETP Securities**”)

This document constitutes the Final Terms of the ETP Securities described herein.

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of ETP Securities in any Member State of the EEA which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the ETP Securities. Accordingly, any person making or intending to make an offer in that Relevant Member State of the ETP Securities may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of the ETP Securities in any other circumstances.<sup>1</sup>]

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (b) below, any offer of ETP Securities in any Member State of the EEA which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the ETP Securities. Accordingly any person making or intending to make an offer of the ETP Securities may only do so:

- (i) in circumstances in which no obligation arises for the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in the following paragraph, provided such person is [one of the persons mentioned in the following paragraph] and that such offer is made during the Offer Period specified for such purpose therein.

An offer of the ETP Securities may be made by the Issuer or by [ ] other than pursuant to Article 3(2) of the Prospectus Directive in [ ] (“**Public Offer Jurisdictions**”) during the period from [ ] until [ ] (the “**Offer Period**”).

Neither the Issuer nor any Authorised Participant has authorised, nor do they authorise, the making of any offer of ETP Securities in any other circumstances.<sup>2</sup>]

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<sup>1</sup> Include this legend for an exempt offer of Securities with a denomination of less than €100,000 is anticipated.

<sup>2</sup> Include this legend for a non-exempt offer

The expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions set forth in the Base Prospectus dated 30 November 2012 (the “**Base Prospectus**”) which constitutes a base prospectus for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the ETP Securities described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus (and any supplement thereto).

Full information on Boost Issuer Public Limited Company (the “**Issuer**”) and the offer of the ETP Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus (together with any supplement thereto) is available on the website of the Issuer at <http://www.boostetp.com>. Terms used in these Final Terms bear the same meaning as in the Base Prospectus.

*The particulars in relation to this issue of ETP Securities are as follows: [Include whichever of the following apply or specify as “Not Applicable”. Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs. Italics denote guidance for completing the Final Terms.]*

- |     |  |  |
|-----|--|--|
| 1.  | Class of ETP Securities to which these Final Terms apply:  | [       ]  |
| 2.  | Tranche:   | [       ]  |
| 3.  | ETP Security Type:   | [Equity Securities/Commodity Securities]   |
| 4.  | Relevant Currency:   | [USD/EUR/GBP/CHF/HKD]  |
| 5.  | Principal Amount:  | [       ]  |
| 6.  | Number of ETP Securities to which these Final Terms apply: | [       ]  |
| 7.  | Issue Date:  | [       ]  |
| 8.  | Issue Price:   | [       ]  |
| 9.  | Form of ETP Securities:                                    | [Bearer ETP Securities – NGN]<br>[Bearer ETP Securities – CGN]<br>[Registered ETP Securities]<br>[Exchangeable Bearer ETP Securities - NGN]<br>[Exchangeable Bearer Securities – CGN]<br>[Uncertified Registered ETP Securities] |
| 10. | Initial Price:   | [       ]  |
| 11. | Index:   | [       ]<br>[Leveraged Index/Non-Leveraged Index] <sup>3</sup>  |
| 12. | Exposure Type:   | [Leveraged/Non-Leveraged]  |

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<sup>3</sup> Delete as applicable, depending on whether the specified Index provides leveraged or non-leveraged exposure

- |     |                                       |  |
|-----|---------------------------------------|--|
| 13. | Product Leverage Factor:              | [+1/+2/+3/-1/-2/-3]  |
| 14. | Annual Management Fee Rate:           | [[ ] per cent. per annum/Not applicable]   |
| 15. | Daily Swap Rate:                      | [[ ] per cent. per annum/Not applicable]   |
| 16. | Interest Rate:                        | [Fed Funds Effective Rate/EONIA/SONIA/Overnight HIBOR/Not applicable]  |
| 17. | Funding Spread:                       | [1Yr US LIBOR-OIS Spread/1Yr EURIBOR-OIS Spread/1Yr UK LIBOR-OIS Spread/1Yr HIBOR-OIS Spread/Not applicable] |
| 18. | Stock Borrow Rate:                    | [[ ] per cent. per annum/Not applicable]   |
| 19. | Transaction Tax Rate:                 | [[ ] per cent. per annum/Not applicable]   |
| 20. | Restrike Event Provisions             | [Applicable/Not applicable] <sup>5</sup>   |
| 21. | Severe Disruption Event Threshold:    | [ ]  |
| 22. | Severe Overnight Gap Event Threshold: | [ ]  |
| 23. | Standard Trading Hours:               | [ ]/[Not applicable] <sup>4</sup>  |
| 24. | Exchange:                             | [ ]/[Not applicable] <sup>5</sup>  |
| 25. | Related Exchange:                     | [ ]/[Not applicable] <sup>5</sup>  |
| 26. | Multiple Exchange:                    | [Applicable/Not applicable] <sup>5</sup>   |
| 27. | Price Source:                         | [ ]/[Not applicable] <sup>4</sup>  |
| 28. | Valuation Time:                       | [ ] <sup>5</sup>   |
| 29. | Hedging Adjustment:                   | [Applicable/Not applicable] <sup>4</sup>   |
| 30. | Restrike Threshold:                   | [ ]  |

The Issuer accepts the responsibility for the information contained in these Final Terms. [[ ] has been extracted from [ ]. The Issuer confirms that such additional information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading].

**Signed on behalf of Boost Issuer Public Limited Company**

By:

Duly authorised

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<sup>4</sup> Not applicable for Equity Securities

<sup>5</sup> Not applicable for Commodity Securities

## PART B – OTHER INFORMATION

1. **Listing and admission to trading:** [Application has been made to the London Stock Exchange for the ETP Securities issued under this Programme to be admitted to the official list of the London Stock Exchange and to be admitted to listing and trading on the Main Market of the London Stock Exchange.]
- [Application has been made to the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (the “**Frankfurt Stock Exchange**”) for the ETP Securities issued under this Programme to be admitted to the official list of the Frankfurt Stock Exchange and to be admitted to listing and trading on the Regulated Market (General Standard) (*Regulierter Markt General Standard*) of the Frankfurt Stock Exchange.]
2. **Notification** The Central Bank has provided [*names of competent authorities of host member states of the EEA*] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.
3. **Interests of natural and legal persons involved in the issue**
- [So far as the Issuer is aware, no person involved in the offer of the ETP Securities has an interest material to the offer]
- ISIN Code: [ ]
- Common Code: [ ]
- Names and addresses of additional Paying Agent(s) (if any): [ ]
4. **Distribution:**
- Non-exempt Offer: [Not Applicable] [An offer of the ETP Securities may be made by the Authorised Participants other than pursuant to Article 3(2) of the Prospectus Directive in (*specify relevant Member State(s) – which must be jurisdictions where the Prospectus and any supplements have been passported*) (“**Public Offer Jurisdictions**”) during the period from (*specify date*) until (*specify date or a formula such as “the Issue Date” or “the date which falls [ ] Business Days thereafter”*) (“**Offer Period**”). See further Paragraph 7 of Part B below.]
- [*N.B. Consider any local regulatory requirements necessary to be fulfilled as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the prospectus (and any supplement) has been notified/passported*]
- Additional Selling Restrictions: [Not Applicable/*give details*]
5. **Operational Information**
- ISIN Code: [ ]

Common Code: [ ]

Names and addresses of additional  
Paying Agent(s) (if any): [ ]

**6. Terms And Conditions Of The Offer<sup>6</sup>**

Offer Price: [Issue Price][specify]

Conditions to which the offer is subject [Not Applicable/Offers of the ETP Securities are conditional upon their issue]

Description of the application process: [Not Applicable/give details]

Description of possibility to reduce [Not Applicable/give details]  
subscriptions and manner for refunding  
excess amount paid by applicants:

Details of the minimum and/or [Not Applicable/give details]  
maximum amount of application:

Details of the method and time limited [Not Applicable/The ETP Securities will be issued on the  
for paying up and delivering the ETP Issue Date against payment to the Issuer of the net  
Securities: subscription moneys]

Manner in and date on which results of [Not Applicable/give details]  
the offer are to be made public:

Procedure for exercise of any right of [Not Applicable/give details]  
pre-emption, negotiability of  
subscription rights and treatment of  
subscription rights not exercised:

Whether tranche(s) have been [Not Applicable/Offers may be made by offerors  
reserved for certain countries: authorised to do so by the Issuer in [ ] to any person  
[ ]. In other EEA countries, offers will only be made  
pursuant to an exemption from the obligation under the  
Prospectus Directive as implemented in such countries to  
publish a prospectus.]

Process for notification to applicants of [Not Applicable/give details]  
the amount allotted and the indication  
whether dealing may begin before  
notification is made:

Amount of any expenses and taxes [Not Applicable/give details]  
specifically charged to the subscriber or  
purchaser:

Name(s) and address(es), to the extent [None/give details]  
known to the Issuer, of the placers in  
the various countries where the offer  
takes place.

Name and address of financial [BNP Paribas Arbitrage S.N.C., 8 rue de Sofia, 75018  
intermediary/ies authorised to use the Paris, France.]  
Base Prospectus, as completed by

these Final Terms: [give details of any additional Authorised Participant(s)]

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<sup>6</sup> Only applicable to non-exempt offers; otherwise this section 6 will be deleted.

## **ANNEX – ISSUE SPECIFIC SUMMARY**

*[Issue specific summary of the ETP Securities to be inserted if (i) the ETP Securities are to be listed on a regulated market in the EEA or (ii) publicly offered in a member state of the EEA]*

## **SETTLEMENT AND CLEARING OF ETP SECURITIES**

Custodial and depository or safekeeping links have been (or will be) established with Euroclear, Clearstream, Luxembourg and CREST to facilitate the initial issuance of ETP Securities and, in relation to Euroclear, Clearstream, Luxembourg and Clearstream, Frankfurt only, cross-market transfers of ETP Securities between investors associated with secondary market trading. Transfers within Euroclear, Clearstream, Luxembourg and CREST will be in accordance with the usual rules and operating procedures of the relevant system.

### **CREST**

The Issuer is a participating issuer in the system of paperless settlement trades and the holding of Uncertificated securities administered by Euroclear UK & Ireland Limited (“**CREST**”). CREST enables securities (including debt securities) to be evidenced otherwise than by written instrument, and to be transferred electronically with effective delivery versus payment and the ETP Securities are participating securities. Accordingly, to the extent that the ETP Securities are issued as Uncertificated Registered Securities, settlement of transactions in such ETP Securities will take place within the CREST system.

Please refer to Condition 3.6 of the ETP Securities for information regarding clearing and settlement through CREST.

### **Euroclear, Clearstream, Luxembourg and Clearstream, Frankfurt**

Euroclear, Clearstream, Luxembourg and Clearstream, Frankfurt each hold securities for participating organisations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear, Clearstream, Luxembourg and Clearstream, Frankfurt provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear, Clearstream, Luxembourg and Clearstream, Frankfurt participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt participant, either directly or indirectly.

Distributions of principal with respect to book-entry interests in the ETP Securities held through Euroclear, Clearstream, Luxembourg and Clearstream, Frankfurt will be credited, to the extent received by the Issuing and Paying Agent, to the cash accounts of Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt participants in accordance with the relevant system's rules and procedures.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

A Class of ETP Securities may, subject to all applicable legal and regulatory requirements, be issued in Tranches or Classes comprising either Bearer Securities, Registered Securities or Uncertificated Registered Securities as specified in the Applicable Product Annex. The summary that follows is only in relation to Bearer Securities and Registered Securities.

Bearer Securities may be issued in the new global note form (a “**New Global Note**” or “**NGN**”) or, if not intended to be issued in NGN form, will be issued in classic global note form (a “**Classic Global Note**” or “**CGN**”) as specified in the applicable Final Terms, or in such other form as the relevant parties may agree.

The NGN form has been introduced to allow for the possibility of ETP Securities being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the central banking system for the euro (the “**Eurosystem**”) and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life.

On 13 June 2006 the European Central Bank (the “**ECB**”) announced that ETP Securities in NGN form are in compliance with the “Standards for the use of EU securities settlement systems in ESCB credit operations” of the Eurosystem, provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for notes in NGN form were to be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 would only be eligible as collateral for Eurosystem operations if the NGN form was used.

Following the introduction of the NGN form in June 2006, the Eurosystem required the ICSDs to review the custody arrangements for international debt securities in global registered form. Further to this review, the NSS has been introduced to allow for the possibility of Securities being issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the Eurosystem and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life.

### Initial issue of Global Securities

If the Global Bearer Securities are stated in the applicable Final Terms to be issued in NGN form, the Global Bearer Securities will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Global Bearer Securities or the Global Registered Securities with the Common Safekeeper does not necessarily mean that the ETP Securities will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global Bearer Securities which are issued in CGN form may be delivered on or prior to the original issue date of the Tranche to a Common Depository.

If the Global Bearer Security is a CGN, upon the initial deposit of a Global Bearer Security with a common depository for Euroclear, Clearstream, Luxembourg and Clearstream, Frankfurt (the “**Common Depository**”) or registration of Registered Securities in the name of any nominee for Euroclear, Clearstream, Luxembourg and Clearstream, Frankfurt and delivery of the related Global Registered Certificate to the Common Depository, Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt will credit each subscriber with a nominal amount of ETP Securities equal to the nominal amount thereof for which it has subscribed and paid. If the Global Bearer Security is a NGN, the nominal amount of the ETP Securities shall be the aggregate amount from time to time entered in the records of Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt. The records of such clearing system shall be conclusive evidence of the nominal amount of ETP Securities represented by the Global Bearer Security and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

ETP Securities that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with other clearing systems through direct or indirect accounts with Euroclear, Clearstream, Luxembourg and Clearstream, Frankfurt held by such other clearing systems. Conversely, ETP Securities that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

## **Relationship of Accountholders with Clearing Systems**

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, or any other clearing system (“**Alternative Clearing System**”) as the holder of an ETP Security represented by a Global Bearer Security or Global Registered Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Bearer Security or the holder of the underlying Registered Securities, as the case may be, and in relation to all other rights arising under the Global Bearer Security or Global Registered Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the ETP Securities for so long as the ETP Securities are represented by such Global Bearer Security or Global Registered Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Bearer Security or the holder of the underlying Registered Securities, as the case may be, in respect of each amount so paid.

## **Exchange**

### ***Global Bearer Securities***

Each Global Bearer Security will be exchangeable, free of charge to the holder, in whole but not in part, for Definitive Securities only if the Global Bearer Security is held on behalf of Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt 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 holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

On or after any due date for exchange, the holder of a Global Bearer Security may surrender such Global Bearer Security to or to the order of the Issuing and Paying Agent. In exchange for any Global Bearer Security, the Issuer will deliver, or procure the delivery of, an equal aggregate number of duly executed and authenticated Definitive Securities. The Issuer will procure that details of such exchange be entered pro rata in the records of the relevant clearing system. In this Base Prospectus, “**Definitive Securities**” means, in relation to any Global Bearer Security, the definitive Bearer Securities for which such global Bearer Security may be exchanged. Definitive Securities will be security printed. On exchange in full of each global Bearer Security, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Securities.

### ***Global Registered Securities***

If the Final Terms state that the ETP Securities are to ETP Securities represented by a Global Registered Certificate on issue, the following will apply in respect of transfers of ETP Securities held in Euroclear, Clearstream, Luxembourg or Clearstream, Frankfurt or an Alternative Clearing System. These provisions will not prevent the trading of interests in the ETP Securities within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the ETP Securities may be withdrawn from the relevant clearing system.

Transfers of the holding of ETP Securities represented by any Global Registered Certificate may only be made in part if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

Provided that, in the case of the first transfer of part of a holding pursuant to paragraph (i) or (ii) above, the registered holder has given the Registrar not less than 30 days’ notice at its specified office of the registered holder’s intention to effect such transfer.

## **Amendments to Conditions while ETP Securities in global form**

The Global Securities contain provisions that apply to the ETP Securities that they represent, some of which modify the effect of the Conditions set out in this Base Prospectus. The following is a summary of those provisions:

### ***Meetings***

For the purposes of any meeting of ETP Securityholders, the holder of the ETP Securities represented by a Global Security shall be treated as being two persons for the purposes of any quorum requirements of a

meeting of ETP Securityholders and, at any such meeting, the holder of a Global Security shall be treated as having one vote in respect of each ETP Security represented by such Global Security.

***Cancellation***

Cancellation of any ETP Security represented by a Global Security that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the number of ETP Securities represented by the relevant Global Security which shall always represent the aggregate number of Securities outstanding from time to time.

***Issuer's Option***

Any option of the Issuer provided for in the Conditions of any ETP Securities while such ETP Securities are represented by a Global Security shall be exercised by the Issuer giving notice to the ETP Securityholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the certificate numbers of Securities drawn in the case of a partial exercise of an option and accordingly no drawing of Securities shall be required.

***NGN nominal amount***

Where the ETP Securities of a Class are represented by a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the ETP Securities, as the case may be, entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the ETP Securities represented by such Global Bearer Certificate shall be adjusted accordingly.

***Trustee's Powers***

In considering the interests of ETP Securityholders while any Global Security is 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 accountholders with entitlements to such Global Security and may consider such interests as if such accountholders were the holders of the ETP Securities represented by such Global Security.

## THE SWAP AGREEMENTS

*The following description of the Swap Agreement(s) entered into by the Issuer in relation to the Programme consists of a summary of certain provisions of such Swap Agreement(s) which is qualified in its entirety by reference to the detailed provisions of each such Swap Agreement entered into between the Issuer and a Swap Provider. The following summary does not purport to be complete, and prospective investors must refer to the relevant Swap Agreement(s) for detailed information regarding such Swap Agreement(s).*

### The Swap Agreements

#### **Documentation of Swap Agreements and Swap Transactions**

The Issuer has entered into a Swap Agreement pursuant to an ISDA 2002 Master Agreement dated 30 November 2002 between the Issuer and the Initial Swap Provider (the “**Initial Swap Agreement**”), and may enter into further Swap Agreements each with an Eligible Swap Provider, under which the Issuer will enter into Swap Transactions in order to hedge its payment obligations in respect of each Class of ETP Securities.

The Issuer may enter into Swap Transactions with more than one Swap Provider in relation to any Class of ETP Securities (any such Class, a “**Multiple Swap Provider Class**”), pursuant to which, in aggregate, the Issuer will hedge its payment obligations in respect of such Class.

Each Swap Transaction entered into by the Issuer will be confirmed by either:

- (i) in the case of a Swap Transaction relating to a Class of Equity Securities, an Index Swap General Terms Confirmation incorporating the 2002 ISDA Equity Derivatives Definitions and the 2006 ISDA Definitions, as supplemented by a Transaction Supplement in respect of such Swap Transaction; or
- (ii) in the case of a Swap Transaction relating to a Class of Commodity Securities, an Index Swap General Terms Confirmation incorporating the 2005 ISDA Commodity Definitions and the 2006 ISDA Definitions, as supplemented by a Transaction Supplement in respect of such Swap Transaction.

The Initial Swap Provider will act as calculation agent in respect of each Swap Transaction entered into between the Issuer and the Initial Swap Provider.

#### **Scheduled Payments under Swap Transactions**

Pursuant to the terms of the Swap Transaction(s) entered into by the Issuer in connection with a Class of ETP Securities, the Issuer will pay the proceeds of issuance of each Tranche of such Class to the relevant Swap Provider(s) and such Swap Providers will be required to pay to the Issuer amounts expected to correspond to each amount payable by the Issuer to the ETP Securityholders of each Class, subject to disruption and adjustment provisions substantially equivalent to those applicable to the ETP Securities pursuant to the Terms and Conditions. The Swap Provider(s) do not guarantee payment by the Issuer to the ETP Securityholders of amounts due in respect of the ETP Securities, and no ETP Securityholder will have any claim against any Swap Provider in respect of amounts due in respect of any ETP Securities.

#### **Scheduled Term of Swap Transactions**

Each Swap Transaction will terminate on its scheduled termination date, unless terminated earlier in accordance with the terms thereof. Such scheduled termination date may fall prior to the Final Redemption Date of the relevant Class of ETP Securities, in which event a Scheduled Swap Termination Event shall occur pursuant to the Conditions of such Class, and the Issuer shall be required to seek to replace such Swap Transaction prior to such termination by entering into one or more Swap Transactions with Swap Provider(s) such that the economic terms of such new Swap Transactions shall in aggregate be materially the same as the economic terms of the terminated Swap Transaction. If the Issuer fails to so replace such terminated Swap Transaction in full, it will be entitled to exercise its option to divide the relevant Class of ETP Securities into more than Class, each in respect of a different Swap Provider, and if it remains the case that a Swap Transaction in respect of a Class of ETP Securities is a terminated transaction that has not been replaced, then such Class shall fall for early redemption as a consequence of a Swap Provider Default Redemption Event or a Scheduled Swap Termination Event, as applicable.

## **Early Termination of Swap Transactions**

### *Events of Default*

A Swap Agreement (and all Swap Transactions entered into under it) may be terminated if an “**Event of Default**” occurs with respect to a party (the “**Defaulting Party**”, and the other party, the “**Non-defaulting Party**”), as summarised below (in the case of the Swap Agreement entered into by the Issuer with the Initial Swap Provider):

- (i) a failure by the Issuer or the relevant Swap Provider to pay an amount due under such Swap Agreement, which failure has not been remedied within one business day after it is notified of such failure;
- (ii) a breach by Issuer or the relevant Swap Provider of any of its non-payment obligations under such Swap Agreement, which failure has not been remedied within thirty days after it is notified of such breach, or a repudiation by the Issuer or the Swap Provider of any of its obligations under such Swap Agreement or a Swap Transaction under it;
- (iii) a failure by any credit support provider in respect of a Swap Provider (including any guarantor of a Swap Provider’s obligations to the Issuer under a Swap Agreement) to comply with its obligations under a credit support document in respect of such Swap Agreement, or a repudiation by any such credit support provider of its obligations under a credit support document;
- (iv) a representation given by the Issuer or the relevant Swap Provider in such Swap Agreement proves to be materially incorrect or misleading;
- (v) a default by the relevant Swap Provider in respect of other specified indebtedness in excess of the applicable threshold; or
- (vi) the Issuer or the relevant Swap Provider becomes subject to bankruptcy proceedings.

If a Swap Agreement is terminated as a consequence of an Event of Default, an “Early Termination Amount” will be payable by one party to the other in amount equal to the net amount of (i) all amounts which have fallen due between the Issuer and the relevant Swap Provider which have not yet been paid, (ii) the close-out value of each Swap Transaction, as determined by the Non-defaulting Party, and (iii) the market value of the Posted Collateral delivered by the relevant Swap Provider to the Issuer pursuant to the relevant Credit Support Document.

### *Termination Events*

Each affected Swap Transaction may be terminated prior to its scheduled termination date if a “**Termination Event**” occurs with respect to a party (the “**Affected Party**”), as summarised below: (in the case of the Swap Agreement entered into by the Issuer with the Initial Swap Provider):

- (i) it becoming unlawful for the Issuer or the relevant Swap Provider to receive a payment under a Swap Transaction, or to perform any of its material obligations with respect to a Swap Transaction;
- (ii) a force majeure event occurs that prevents the Issuer or the relevant Swap Provider from performing any of its material obligations under a Swap Transaction;
- (iii) a change in tax law occurs that will, is substantially likely to, cause the Issuer or the Swap Provider to be required to pay an additional amount in respect of tax, or to receive an amount from which tax has been deducted;
- (iv) a merger of the Issuer or the relevant Swap Provider with another entity will cause the other party to be required to pay an additional amount in respect of tax, or to receive an amount from which tax has been deducted;
- (v) a merger of the Issuer or the relevant Swap Provider with another entity without assumption in whole of all of the obligations under the relevant Swap Agreement;
- (vi) certain bankruptcy events occur in respect of the Collateral Administrator;
- (vii) a change in control occurs in respect of the relevant Swap Provider;

- (viii) the current rating of the relevant Swap Provider (or, if applicable, its credit support provider) falls below the equivalent Eligible Swap Provider Threshold Rating;
- (ix) the current long-term credit rating of the Collateral Administrator falls to BBB+ or below by S&P or the equivalent rating by Moody's or Fitch; or
- (x) the ETP Securities hedged by a Swap Transaction are subject to early redemption in circumstances which are not otherwise connected with the termination in whole or in part of the Swap Agreement.

In the case of the Swap Agreement entered into by the Issuer with the Initial Swap Provider, if a Swap Transaction is terminated as a consequence of a Termination Event other than those described in (vii), (viii), (ix) or (x) a net "Early Termination Amount" calculated by reference to the close-out value of the relevant terminated Swap Transaction in accordance with the ISDA 2002 Master Agreement will be payable by one party to the other (provided that where all Swap Transactions under the Initial Swap Agreement are terminated as a consequence of the early redemption of the relevant ETP Securities as a result of the occurrence of an Event of Default under the Conditions, a net termination payment in respect of all such Swap Transaction shall be payable as described in "*Events of Default*" above).

In the case of the Swap Agreement entered into by the Issuer with the Initial Swap Provider, if a Swap Transaction is terminated as a consequence of a Termination Event (described in (vii), (viii), (ix) or (x) above, the "*Cancellation Amount*" (as described in "Early termination in accordance with the terms of a Swap Transaction" below) in respect of such Swap Transaction being terminated will be payable by the relevant Swap Provider to the Issuer.

#### *Early termination in accordance with the terms of a Swap Transaction*

The terms of each Swap Transaction, as summarised in the Applicable Product Annex to the Conditions, provides for the early termination of such Swap Transaction in certain circumstances. In the event of any such termination of a Swap Transaction, an amount will be payable by the Swap Provider equal to the "Cancellation Amount", which will be determined by the Swap Provider in accordance with the formula used to calculate the Price per ETP Security of the relevant Class, where possible, and shall take into account any hedging costs incurred by the Swap Provider.

#### **Swap Provider Agreement**

On or around the Programme Effective Date the Issuer and the Initial Swap Provider entered into an English law governed agreement (the "**Swap Provider Agreement**"), pursuant to which the Issuer and the Initial Swap Provider have agreed the basis on which Swap Transactions between the Issuer and the Initial Swap Provider will be entered into, or adjusted, upon the issuance or redemption of ETP Securities under the Programme. In addition, the Swap Provider Agreement sets out limits on the Initial Swap Provider's capacity to enter into Swap Transactions in total and with respect to the aggregate long/short exposure to a particular Index or commodity, and also sets out limits on the maximum daily total increase or decrease of any Swap Transaction between the Issuer and the Initial Swap Provider in relation to subscriptions for and redemptions of ETP Securities.

Any additional Swap Provider shall be required to enter into a swap provider agreement with the Issuer.

#### **Credit Support Arrangements**

Each Swap Provider will agree to provide credit support to the Issuer in respect of its obligations under the relevant Swap Agreement by entering into a 1995 ISDA Credit Support Annex (Transfer - English Law) to such Swap Agreement. See the section of this Base Prospectus headed "*Collateralisation of Initial Swap Agreement*".

## COLLATERALISATION OF INITIAL SWAP AGREEMENT

*The following description of the Credit Support Document entered into between the Issuer and the Initial Swap Provider and the Collateral Administration Agreement entered into between the Issuer, the Initial Swap Provider, the Security Trustee and the Collateral Administrator consists of a summary of certain provisions of such Credit Support Document and such Collateral Administrative Agreement which is qualified in its entirety by reference to the respective detailed provisions thereof. The following summary does not purport to be complete, and prospective investors must refer to the Credit Support Document entered into between the Issuer and the Initial Swap Provider for detailed information regarding such Credit Support Document.*

Each Swap Provider will enter into a Credit Support Document with the Issuer under which it will agree to transfer credit support to the Issuer to collateralise its obligations to the Issuer under the relevant Swap Agreement.

### **Credit Support Document between the Issuer and the Initial Swap Provider**

The Issuer and the Initial Swap Provider have entered into a 1995 Credit Support Annex (Transfer – English Law), as published by the International Swaps and Derivatives Association, Inc., to the Swap Agreement between them (the “**Initial Swap Provider Credit Support Document**”).

Under the terms of the Initial Swap Provider Credit Support Document, on each “**Valuation Date**” being each Local Business Day (as defined in the Initial Swap Agreement), in accordance with the relevant Collateral Administration Agreement, the Bank of New York Mellon (the “**Collateral Administrator**”) will determine the value (the “**Market Value**”) of Eligible Credit Support held on behalf of the Issuer pursuant to such Collateral Administration Agreement (the “**Posted Collateral**”).

The Market Value of any security comprising Eligible Credit Support is an amount in EUR calculated by the Collateral Administrator that results from dividing (1) the sum of (i) the market value of such security based on the most recently available closing bid price made available to the Collateral Administrator, such closing price usually obtained on the business day immediately preceding the business day on which the Collateral Administrator calculates the market value from pricing information services which the Collateral Administrator uses generally for pricing such items, and (ii) in the case of a fixed income debt security, accrued but unpaid income, if any, on such security (provided that if the Collateral Administrator is unable to obtain the price of such security from such pricing information services on any business day, the market value shall be as determined in good faith by the Collateral Administrator in the reasonable exercise of its discretion based on information furnished to the Collateral Administrator by one or more brokers in such security (excluding the Issuer and the Initial Swap Provider) or on the basis of a formula utilised by the Collateral Administrator for such purpose in the ordinary course of its business); by (2) the applicable Margin Percentage and (B) in relation to cash or any certificate of deposit, the amount as calculated by the Collateral Administrator in EUR, that results from dividing the relevant nominal or face amount by the relevant Margin Percentage.

Under the terms of the Initial Swap Provider Credit Support Document, all right, title and interest in and to any Posted Collateral shall vest in the Issuer free and clear of any liens, claims, charges or encumbrances or any other interest of the Initial Swap Provider or any third party (other than a lien routinely imposed on all securities in a relevant clearance system). The Initial Swap Provider Credit Support Document does not create in favour of the Issuer or the Initial Swap Provider any mortgage, charge, lien, pledge, encumbrance or other security interest in any Eligible Credit Support transferred to one party to the Issuer under the Initial Swap Provider Credit Support Document.

Posted Collateral transferred to the Issuer will be held by the Collateral Administrator or by a sub-custodian appointed by the Collateral Administrator, on behalf of the Issuer pursuant to the Collateral Administration Agreement. See the section of this Base Prospectus headed “*Summary of the Programme Documents – Collateral Administration Agreement*”.

If the Market Value of the Posted Collateral on any Valuation Date is less than the Exposure (as defined below), then the Initial Swap Provider shall transfer additional Eligible Credit Support to the Issuer with a value not less than the shortfall.

If the Market Value of the Posted Collateral on any Valuation Date is greater than the Exposure then the Issuer shall transfer a portion of the Posted Collateral to the Initial Swap Provider with a value equal to all or part of the excess.

**“Exposure”** means, with respect to the Issuer on a Valuation Date, an amount calculated as the euro equivalent of the aggregate of the notional amounts (being, in respect of a Transaction on any Valuation Date, an amount equal to the product of (i) the number of Index Units for that Transaction and (ii) the Index Unit Value or, upon the occurrence of an Index Component Disruption Event, the Indicative Unit Value for such Valuation Date) of each Swap Transaction (the **“Outstanding Swap Transactions Exposure”**), provided that (x) where any Swap Transaction is terminated according to its terms but settlement has not been completed on or prior to the relevant Valuation Date due to an amount greater than the Maximum Daily Payment Amount being payable, only the remaining balance of the amount due in respect of such Swap Transaction (the **“Remaining Balance”**) (and not, for the avoidance of doubt, the notional amount thereof) shall be taken into account in respect of such Swap Transaction for the purposes of determining the “Exposure”; and (y) where an Early Termination Date affecting some or all Swap Transactions has been designated due to the occurrence of a Termination Event other than a Collateral Administrator Bankruptcy Event or an ETP Securities Default Event and the relevant Early Termination Amount (as defined in the Initial Swap Agreement) exceeds the Maximum Daily Payment Amount, the “Exposure” in respect of such Valuation Date shall be determined by reference to the sum of (A) the Outstanding Swap Transactions Exposure and (B) the Remaining Balance in respect of all terminating Swap Transactions on such Valuation Date.

If the Collateral Administrator determines that any asset comprised in the Posted Collateral has ceased to constitute Eligible Credit Support (**“Ineligible Posted Collateral”**) then the Initial Swap Provider shall be entitled to demand the substitution of Eligible Credit Support of equal value in exchange for such Ineligible Posted Collateral.

### **Eligible Credit Support**

As of the Programme Effective Date, **“Eligible Credit Support”** under the Initial Swap Provider Credit Support Document means Bonds and/or Equities satisfying the criteria, and subject to the Margin Percentages and concentration limits described under the sub-headings “Bonds” and “Equities” below,

#### ***Minimum percentage of bonds comprised in Collateral***

On any Valuation Date, eligible Bonds must comprise at least the percentage of the Posted Collateral set out in the table below, depending on the second highest long-term, unsecured, unsubordinated credit rating assigned to BNP Paribas S.A. by S&P, Moody’s and Fitch:

<i>Moody’s</i>	<i>S&amp;P</i>	<i>Fitch</i>	<i>Minimum Percentage of Bonds</i>
A2 (or above)	A (or above)	A (or above)	20 per cent.
A3	A-	A-	40 per cent.
Baa1	BBB+	BBB+	60 per cent.
Baa2	BBB	BBB	80 per cent.
Baa3 (or less)	BBB- (or less)	BBB- (or less)	100 per cent.

### ***Equities***

*Eligibility* Eligible Credit Support shall include common stock which are component stocks of the following indices:

Main Indices:	STOXX Europe Large 200 (LCXP) Nikkei 225 (NKY) CAC 40 (CAC) German Stock Index (DAX) S&P 500 (SPX) FTSE 100 (UKX)
Secondary Indices:	Nasdaq 100 Stock (NDX) STOXX Europe 600 (SXXP) Russell 1000 (RIY) Russell 2000 (RTY) S&P/TSX Composite (SPTSX) IBEX 35 (IBEX) FTSE MIB (FTSEMIB) AEX® (AEX) Swiss Market Index (SMI) Hang Seng (HSI)

Hang Seng China Enterprises (HSCEI)  
S&P / ASX 200 (AS51)

*Margin Percentage* The Margin Percentage applicable to any equities comprised in the Posted Collateral will be 106 per cent. for any equities included in one of the Main Indices, and 112 per cent. for equities included in one of the Secondary Indices

*Concentration limits* Any concentration and average daily trading volume (“**ADTV**”) limits will be calculated based on the market value of the each relevant equity and will apply in respect of the aggregate amount of such equity comprised in the Posted Collateral:

- maximum per issuer: the greater of (i) EUR 10,000,000 and (ii) 3.3 per cent. of total Posted Collateral.
- maximum of 2.5 per cent. of free float market capitalisation of issuer.
- maximum of 100 per cent. of the 90-day ADTV.
- jurisdiction concentration limits: with respect to any pan-European index, there shall be a look-through to the jurisdictions of the underlying constituents for the purposes of determining the jurisdiction concentration limit.
- maximum 50 per cent. for US, UK, Japan, Germany, France.
- maximum 20 per cent. for other countries.

**Bonds**

*Eligibility* Eligible Credit Support shall include Money Market Funds and Sovereign Fixed Income Bonds, as described below:

<i>Money Funds</i>	<i>Market</i>	AAA Government or Treasury money market funds only, with no asset backed securities or collateralised debt obligations.
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<i>Sovereign Income</i>	<i>Fixed</i>	Stripped and unstripped national bonds issued by one of the following countries:
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- Stripped and unstripped national bonds issued by USA, G10 and other European government bonds with minimum rating of AA
- Supranational bonds with a L-T issuer rating not lower than AAA
- US Agencies 100 per cent. backed by the US government

*Margin Percentage* The Margin Percentage applicable to sovereign bonds comprised in the collateral will depend on the time to maturity thereof, as follows:

- less than or equal to 5 years to maturity 102 per cent.
- greater than 5 years and less than or equal to 10 years to maturity 102 per cent.
- greater than 10 years to maturity 105 per cent.

The Margin Percentage applicable to US Agencies comprised in the collateral will be as follows:

- US Agencies 105 per cent.

*Concentration limits* The composition of sovereign bonds comprised in the Posted Collateral at any time will be subject to the following maximum concentration limits (by reference to the aggregate market value of each such bond):

- Maximum 100 per cent. for US
- Maximum 40 per cent. for UK, Japan, Germany, France, Holland
- Maximum 25 per cent. for other countries

After the Programme Effective Date, the definition of “Eligible Credit Support” under the Initial Swap Provider Credit Support Document may be revised by agreement between the Issuer and the Initial Swap Provider.

## SUMMARY OF THE PROGRAMME DOCUMENTS

*The following are summaries of certain provisions of the principal agreements entered into by the Issuer in relation to the Programme which are qualified in its entirety by reference to the detailed provisions of each such agreement. The following summaries do not purport to be complete, and prospective investors must refer to each programme agreement for detailed information regarding such agreement.*

*Capitalised terms used in the summaries below but not defined therein shall have the meanings given to such terms in the Conditions.*

### **Trust Deed**

The ETP Securities of each Class shall be constituted by the Trust Deed, which shall comprise the master trust deed dated on or about the Programme Effective Date and made between the Issuer, the Manager and the Trustee (as amended, supplemented, novated and/or replaced from time to time, the “**Master Trust Deed**”), as supplemented and amended by a supplemental trust deed dated the Issue Date relating to that Class and dated the date of issuance of the first Tranche of ETP Securities of such Class and made between the Issuer, the Manager and the Security Trustee (the “**Supplemental Trust Deed**”). Each Trust Deed will be governed by English law.

The relevant Trust Deed contains the provisions setting out the various obligations of the Issuer and the Trustee with respect to the relevant Class of ETP Securities, and will set out the covenants given by the Issuer in relation to such Class, including, without limitation, its covenant to pay, provisions relating to its duty to provide various persons with information, to prepare and display certain information, only to do such things as are contemplated within the applicable Trust Deed (most importantly, in relation to the issue and performance of the ETP Securities, the Note and the Loan) and its duties with respect to its obligations under the ETP Securities. Each Trust Deed will also set out the basis for the remuneration and indemnification of the Trustee in respect of its duties, the conditions for appointment, retirement and removal and contains provisions which are supplemental to certain statutory provisions and which set out the powers of the Trustee and the extent of its duties.

Any trustee in respect of a Class of ETP Securities may resign upon giving not less than 60 calendar day's prior written notice to the Issuer, and the ETP Securityholders may by Extraordinary Resolution remove any trustee, provided that the retirement or removal of a sole trust corporation will not be effective until a trust corporation is appointed as successor trustee and (ii) unless such sole trust corporation is also removed or retires, as the case may be, with effect from the date of its removal or retirement under the Trust Deed, as security trustee in respect of each Collateral Pool Security Deed in relation to the relevant ETP Securities. If a sole trust corporation in respect of a Class of ETP Securities gives notice of retirement or an Extraordinary Resolution is passed for its removal, the Issuer will use all reasonable endeavours to procure that another trust corporation is appointed as the Trustee for such Class but if it fails to do so before the expiry of such 60 calendar day notice period, the Trustee will have the power to appoint a new trustee.

Pursuant to the Trust Deed in respect of a Class of ETP Securities, the Class Secured Obligations of the Issuer relating to that Class shall be secured in favour of the Trustee, for its benefit and the benefit of the Class Secured Creditors, by the security over the Class Secured Property, as described in the section of this Base Prospectus headed “*Security Arrangements*”:

### **Collateral Pool Security Deed(s)**

In relation to each Swap Agreement, the Issuer, the Manager, the relevant Swap Provider and the Security Trustee will enter into a Collateral Pool Security Deed pursuant to which the Collateral Pool Secured Obligations of the Issuer relating to the Swap Agreement shall be secured in favour of the Security Trustee, for its benefit and the benefit of the Collateral Pool Secured Creditors by security over the Collateral Pool Security Property, as described in the section of this Base Prospectus headed “*Security Arrangements*”.

### **Agency Agreement**

On or around the Programme Effective Date the Issuer, the Trustee, the Manager, the Issuing and Paying Agent and the Registrar entered into an English law governed agency agreement (as amended, supplemented, novated and/or replaced from time to time, the “**Agency Agreement**”) setting out the principal terms on which the Issuing and Paying Agent and the Registrar (the “**Agents**”) may be appointed by the applicable Supplemental Trust Deed to act as the Agents in respect of a Class of ETP Securities.

The Agency Agreement sets out the duties and obligations of the relevant Agents in relation to (i) the issue, payment, cancellation and listing of the ETP Securities and (ii) the basis for the remuneration and indemnification of each Agent appointed in respect of the relevant Class in respect of their respective duties.

The Agency Agreement also sets out the terms for the appointment, resignation (by at least 90 calendar days' prior notice to the Issuer, the Trustee and the other Agents) and termination of the appointment of the Issuing and Paying Agent and, as applicable, the Registrar (by at least 30 calendar days' prior notice from the Issuer or on the occurrence of certain events, such as where such agent becomes incapable of acting, is dissolved, is adjudged bankrupt or insolvent, files for bankruptcy, makes a general assignment, arrangement or composition for the benefit of its creditors, consents to the appointment of a receiver, administrator or similar official or a resolution is passed for its winding up, official management, liquidation or dissolution).

### **Collateral Administration Agreement**

On or about the Programme Effective Date, the Issuer, the Security Trustee, the Initial Swap Provider and the Collateral Administrator have entered into an English law governed collateral administration agreement (the "**Collateral Administration Agreement**").

Pursuant to the terms of the Collateral Administration Agreement:

- (A) the Issuer has established a collateral account with the Collateral Administrator for the deposit of Posted Collateral (the "**Collateral Receiver Account**"). The Collateral Administrator shall hold all Posted Collateral in the Collateral Receiver Account as the Issuer's custodian and shall identify the Posted Collateral on its books and records as held for the account of the Issuer;
- (B) the Collateral Administrator shall be entitled to commingle the ETP Securities comprising Posted Collateral with securities held by the Collateral Administrator for other clients.
- (C) the Collateral Administrator shall provide a statement to the Issuer detailing the Posted Collateral in the Collateral Receiver Account on each business day;
- (D) the Issuer and the Initial Swap Provider have authorised the Collateral Administrator to deliver and take delivery of all securities transferred pursuant to the Credit Support Document between the Initial Swap Provider and the Issuer provided that the Collateral Administrator received matching written instructions from or on behalf of the Issuer and the Initial Swap Provider for such delivery;
- (E) the Issuer and the Initial Swap Provider have, on a joint and several basis, agreed to indemnify the Collateral Administrator, subject (in the case of) the Issuer to the limited recourse provisions, on demand for any taxes it may be liable for in respect of transfers of Eligible Credit Support and certain losses that the Collateral Administrator may incur when carrying out its functions under the Collateral Administration Agreement; and
- (F) the Collateral Administration Agreement is expressed to provide that the Collateral Administrator shall not be liable for certain losses resulting from its action or inaction in connection with that agreement other than such losses arising out of the negligence, fraud or wilful default of the Collateral Administrator or certain affiliated companies of the Collateral Administrator.

### **Authorised Participant Agreement**

On or around the Programme Effective Date the Issuer entered into an Authorised Participant Agreement with the Initial Authorised Participant. Such Authorised Participant Agreement sets out the terms on which the Initial Authorised Participant will act as Authorised Participant in relation to each Class of ETP Securities issued by the Issuer under the Programme.

The Authorised Participant Agreement sets out the conditions for appointment, resignation (by at least 60 calendar days' prior notice to the Issuer and each other Programme Party) and termination (by the Issuer with immediate effect if an Authorised Participant Bankruptcy Event occurs and in any other circumstance by at least [30 calendar days' prior notice, of the appointment of the relevant Authorised Participant, unless there is more than one Authorised Participant, in which case the Issuer may terminate the appointment of any Authorised Participant with immediate effect for a material breach of its obligations which to the extent such breach is capable of being remedied is not remedied within 15 calendar days of the relevant Authorised Participant becoming aware of, or its receiving notice from the Issuer, the Issuing and Paying

Agent, the Initial Swap Provider or the Trustee of such breach or if the Issuer determines, in good faith and in a commercially reasonable manner, that the conduct of such Authorised Participant is materially detrimental to the reputation or development potential of the business of the Issuer or any other Programme Party or the relationships of those entities with third parties). The Authorised Participant Agreement includes an indemnity from the Issuer relating to the representations and warranties given by the Issuer in such agreement.

### **Determination Agency Agreement**

On or around the Programme Effective Date the Issuer, the Determination Agent, the Manager and the Trustee entered into an English law governed determination agency agreement (as amended, supplemented, novated and/or replaced from time to time, the "Determination Agency Agreement") setting out the principal terms on which the Determination Agent may be appointed to act as the Determination Agent in respect of a Class of ETP Securities.

The Determination Agency Agreement sets out the duties and obligations of the Determination Agent in relation to (i) making such non-discretionary calculations and give such notices of the outcome thereof as expressly required to be performed by it under the Programme Documents, and (ii) as soon as practicable on each date on which or at such time at which the Determination Agent is expressly required under the Programme Documents to calculate any amount, price, rate or value or to give any notice relating thereto, making such calculations and delivering such notices expressly required to be given by it (in its capacity as Determination Agent) in accordance with the Programme Documents and obtaining any quotation, rate or value required in connection therewith as soon as reasonably practicable or as otherwise specified in the Programme Documents.

The Determination Agency Agreement also sets out the terms for the appointment, resignation (by at least 90 calendar days' prior notice to the Issuer and the Programme Parties (other than the Authorised Participants)) and termination of the appointment of the Determination Agent (by at least 90 calendar days' prior notice from the Issuer or on the occurrence of certain events, such as where such agent becomes incapable of acting, is dissolved, is adjudged bankrupt or insolvent, files for bankruptcy, makes a general assignment, arrangement or composition for the benefit of its creditors, consents to the appointment of a receiver, administrator or similar official or a resolution is passed for its winding up, official management, liquidation or dissolution).

### **Operating Procedures Agreement**

On or around the Programme Effective Date the Issuer, the Trustee, the Initial Swap Provider, the Initial Authorised Participant, the Issuing and Paying Agent, the Registrar, the Manager and the Determination Agent entered into an English law governed agreement (to which any Eligible Swap Provider or Eligible Authorised Participant which accedes to the Programme after the Programme Effective Date will be required to accede) (the "**Operating Procedures Agreement**") setting out the relevant procedures by which any Authorised Participant may subscribe for ETP Securities of a Class from the Issuer, or to put-back for redemption ETP Securities of a Class to the Issuer, and by which adjustments be made to the Swap Transaction(s) entered into by the Issuer in connection with the relevant Class of ETP Securities to reflect any change to the number of outstanding ETP Securities of such Class.

### **Services Agreement**

On or around the Programme Effective Date the Issuer and the Manager entered into an English law governed agreement (the "**Services Agreement**") pursuant to which the Issuer has appointed the Manager to provide arrangement and administration services to it in relation to the Programme and the ETP Securities. In particular, the Issuer has appointed the Manager as its delegate to carry out on its behalf any of the Issuer's duties under or in connection with any ETP Securities, any Swap Agreement or any Programme Document and the exercise on behalf of the Issuer of all discretions or decisions which the Issuer is required or entitled to take under or in connection therewith. In consideration of the performance of such services, the Issuer has agreed to pay to the Manager a fee consisting of the periodic amounts, relating to management fees, received by the Issuer from each Swap Provider under the Swap Transactions relating to issued ETP Securities, minus any earnings required by law to be retained by the Issuer.

### **Corporate Services Agreement**

The Issuer, the Manager and Capita International Financial Services (Ireland) Limited (the "**Corporate Administrator**") have entered into an Irish law governed agreement dated 30 November 2012 (the

**“Corporate Services Agreement”**) pursuant to which the Issuer has appointed the Corporate Administrator to perform certain corporate administration services on its behalf.

The Corporate Services Agreement also sets out the terms for the appointment, resignation (by at least 30 calendar days’ prior notice to the Issuer) and termination of the appointment of the Corporate Administrator (following the 12 month anniversary of the Corporate Services Agreement by at least 3 months prior notice or immediately on the giving of written notice on the occurrence of certain events, such as if a receiver, examiner or administrator is appointed over any assets of any party).

## SECURITY ARRANGEMENTS

*The following description of the security arrangements relating to the Programme consists of a summary of certain provisions of the Trust Deed relating to a Class of ETP Securities and the Collateral Pool Security Deed relating to a Swap Provider, and is qualified in its entirety by reference to the detailed provisions of each such Trust Deed and such Collateral Pool Security Deed. The following summary does not purport to be complete, and prospective investors in ETP Securities of a Class must refer to the Trust Deed and each Collateral Pool Security Deed in respect of that Class for detailed information regarding such documents.*

The Issuer's obligations in respect of the ETP Securities of each Class are secured by the Security created by the Trust Deed relating to such Class and by each Collateral Pool Security Deed applicable to such Class.

The Security created by the Trust Deed in respect of a Class of ETP Securities is granted to the Trustee as continuing security for the Class Secured Obligations. The Security created by the Collateral Pool Security Deed in respect of a Swap Agreement is granted to the Security Trustee as continuing security for the relevant Collateral Pool Secured Obligations.

### Trust Deed

Pursuant to the Trust Deed relating to a Class of ETP Securities in respect of that Class, the Class Secured Obligations of the Issuer shall be secured in favour of the Trustee, for its benefit and for the benefit of the Class Secured Creditors, by:

- (A) an assignment by way of security of all of the Issuer's rights, title, interest and benefit present and future in, to and under the Programme Documents to the extent that they relate to such Class of ETP Securities (other than the Issuer's rights, title and interest in any Collateral Pool Security Deed and the agreements referred to in Condition 6.1(A)(2)); and
- (B) a first fixed charge over (i) all sums held now or in the future, by or on behalf of the Issuer to meet payments due in respect of the obligations and duties of the Issuer under the Trust Deed, the ETP Securities, (ii) any sums of money, securities, financial instruments or other property received or receivable now or in the future by or on behalf of the Issuer under each relevant Swap Agreement and/or Credit Support Document (to the extent that such assets and property are not subject to the security created pursuant to any Collateral Pool Security Deed) and (iii) all of the Issuer's rights as against the Collateral Administrator and/or any Sub-custodian in respect of any sum or property now or in the future standing to the credit of the relevant accounts of the Issuer with the Collateral Administrator or of the Collateral Administrator (on behalf of the Issuer) with any Sub-custodian relating to the Class of ETP Securities (to the extent that such assets and property are not subject to the security created pursuant to any Collateral Pool Security Deed),

in each case, to the extent that they relate to such Class of ETP Securities.

### Collateral Pool Security Deed

Pursuant to each Collateral Pool Security Deed, the Collateral Pool Secured Obligations of the Issuer relating to the relevant Swap Agreement shall be secured in favour of the Trustee, for its benefit and the benefit of the Collateral Pool Secured Creditors, by:

- (A) an assignment by way of security of all of the Issuer's rights, title, interest and benefit present and future in, to and under the relevant Collateral Pool Documents (including such Swap Agreement and the related Credit Support Document); and
- (B) a first fixed charge over (i) the assets comprising the relevant Swap Provider Collateral Pool, to the extent not assigned pursuant to (A) above (ii) all sums held now or in the future by or on behalf of the Issuer (including, without limitation, by the Issuing and Paying Agent and/or the Registrar) to meet payments due in respect of the obligation and duties of the Issuer under the relevant Swap Agreement and (iii) all sums, securities and any other property held or received by the Liquidation Agent relating to the relevant Swap Agreement, any other Credit Support Document and the ETP Securities.

### Enforcement of Security

The Security constituted by the Trust Deed in respect of a Class of ETP Securities will become enforceable if an Event of Default occurs with respect to such ETP Securities, or if an event of default occurs with

respect to any Connected Class. The proceeds of such enforcement will be applied in accordance with the order of priority set out in Condition 6.6(A) of the ETP Securities.

The Security constituted by each applicable Collateral Pool Security Deed in respect of a Class of ETP Securities will become enforceable if an Event of Default occurs with respect to such ETP Securities, or if an event of default occurs with respect to any Connected Class. The proceeds of such enforcement will be applied in accordance with the order of priority set out in Condition 6.6(B) of the ETP Securities. In particular, the proportionate entitlement of each ETP Securityholder of each Class of ETP Securities entitled to be paid from the proceeds of such enforcement will be the quotient, as at the relevant Early Redemption Date, of (i) the value of all outstanding ETP Securities of any such Class of ETP Securities (converted, if necessary, into euros) and (ii) the value of all ETP Securities of any such Class of ETP Securities held by such ETP Securityholder (converted, if necessary, into euros).

## **USE OF PROCEEDS**

The net proceeds of the issuance of each Class of ETP Securities will be paid to the relevant Swap Provider(s) as upfront payments under the Swap Transaction(s) entered into by the Issuer in connection with that Class.

## THE ISSUER

*The Issuer accepts responsibility for the information contained in this section of this Base Prospectus headed "The Issuer". No other Programme Party has verified, or accepts any liability whatsoever for the accuracy of, such information and investors contemplating purchasing any of the ETP Securities should make their own independent investigations and enquiries into the Issuer.*

### General

The Issuer was incorporated as Boost Issuer Public Limited Company on 30 July 2012 as a public limited liability company under the Irish Companies Acts 1963 to 2012 (with registered no. 515981).

The Issuer has been established as a special purpose vehicle for the purposes of issuing asset-backed ETP Securities. The Issuer is incorporated and registered in Ireland. The registered office of the Issuer is at AIB International Centre, International Financial Services Centre, Dublin 1, Ireland. The telephone number of the Issuer is +353 1874 0777.

### Share Capital and Shareholders

The authorised share capital of the Issuer is €100,000 divided into 100,000 shares of €1 each (the "**Shares**") of which 40,000 are issued and partly paid up to the amount of €9,993.65 and are directly or indirectly held by Capita Trustee Services Limited (the "**Share Trustee**") under the terms of a declaration of trust (the "**Declaration of Trust**") dated 28 September 2012 under which the Share Trustee holds the benefit of the Shares on trust for charitable purposes. The Share Trustee has no beneficial interest in and derives no benefit (other than its fees for acting as Share Trustee) from its holding of the shares. The Issuer has no subsidiaries.

Other than those activities connected with its establishment, the Issuer has not carried on any business or activities since its incorporation. The Issuer has no assets at the date hereof other than its paid-up share capital, and has no liabilities at the date hereof (including no loan capital (issued or unissued), no term loans, no other borrowings or indebtedness in the nature of borrowing and no contingent liabilities or guarantees). In addition, the Issuer has not created any mortgages or charges.

The principal objects of the Issuer are set out in Clause 3 of its Memorandum of Association and permit, among other things, the issuance of ETP Securities, the entering into of the Programme Documents and generally enabling it to carry out the business of the Issuer as set out in the Master Trust Deed and described in this Base Prospectus.

### Business

The Master Trust Deed contains restrictions on the activities in which the Issuer may engage. Pursuant to these restrictions, the business of the Issuer is limited to acquiring and holding Posted Collateral, issuing ETP Securities up to a maximum number of ETP Securities outstanding equal to 1,000,000,000, entering into Swap Agreements and performing its obligations and exercising its rights thereunder and entering into other related transactions, and issuing unsecured debt securities, and disbursing loans, as contemplated by Condition 7(A)(6) of the ETP Securities.

The assets of the Issuer will consist of the Posted Collateral and the benefit of the Swap Agreements in respect of each Class of ETP Securities and the issued and paid-up capital of the Issuer and fees. The only assets of the Issuer available to meet claims of ETP Securityholders and other secured creditors are the assets comprised in the relevant collection of benefits, rights and other assets comprising the security for the relevant Class of ETP Securities.

The Issuer will be paid a fee for agreeing to issue the relevant ETP Securities. Other than the fees paid to the Issuer, its share capital and any income derived therefrom, there is no intention that the Issuer accumulates surpluses. The ETP Securities of each Class are direct, limited recourse obligations of the Issuer alone and not of the shareholders of the Issuer, the Trustee, any Swap Provider, officers, members, directors, employees, ETP Securityholders, incorporators or any guarantor of any Swap Provider's obligations under any Swap Agreement or any obligor in respect of any Posted Collateral. Furthermore, they are not obligations of, or guaranteed in any way by, any of the Authorised Participants or any Index Sponsor or their respective successors or assigns.

## Directors

The Directors of the Issuer and their respective principal occupations are:

<b>Name</b>	<b>Occupation</b>
John Walsh	Accountant
Hector McNeil	Financial services professional
Neil Fleming	Accountant

The business address of the Directors is at AIB International Centre, International Financial Services Centre, Dublin 1, Ireland.

Capita International Financial Services (Ireland) Limited of AIB International Centre, International Financial Services Centre, Dublin 1, Ireland is the corporate administrator of the Issuer. Its duties include the provision of certain administrative and related services to the Issuer including acting as company secretary.

There are no conflicts of interest between members of the administrative, management and supervisory bodies of the Issuer and the private interests of such members.

## Financial Statements

The Issuer intends to publish audited financial statements on an annual basis, and intends to publish its first financial statements in respect of the period ending on 31 December 2013. The financial year of the Issuer will end on 31 December in each year.

## Auditors

The auditors of the Issuer are Ernst & Young of Ernst & Young Building, Harcourt Centre, Harcourt Street, Dublin 2, Ireland, who are chartered accountants qualified to practise in Ireland and members of the Institute of Chartered Accountants in Ireland.

Any future published audited financial statements prepared by the Issuer (which will, in each case, be in respect of the period ending on 31 December of the relevant year) will be available from the registered office of the Issuer.

## Capitalisation

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

<b>Shareholders' Funds:</b>	€9,993.65
<b>Share Capital:</b>	Authorised: €100,000; Issued: 40,000 Ordinary Shares of €1 each (partly paid)
<b>Total Capitalisation</b>	€9,993.65

**Annual General Meeting** The Issuer must hold its first annual general meeting within 18 months of the date of its incorporation (and no more than 9 months after the financial year end) and thereafter the gap between its annual general meetings must not exceed 15 months. One annual general meeting must be held in each calendar year.

Since the date of its incorporation, the Issuer has not commenced operations and no financial statements have been produced as at the date of this Base Prospectus.

## THE MANAGER

*The information set out in this section of this Base Prospectus headed "The Manager" has been obtained from Boost Management Limited. Such information has been accurately reproduced and, as far as the Issuer is aware and able to ascertain from information published by Boost Management Limited, no facts have been omitted that would render the reproduced information inaccurate or misleading. Delivery of this Base Prospectus shall not create any implication that there has been no change in the affairs of Boost Management Limited since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.*

*In addition to the Issuer, Boost Management Limited accepts responsibility for the information contained in this section of this Base Prospectus headed "The Manager". No other Programme Party verified, or accepts any liability whatsoever for the accuracy of, such information and investors contemplating purchasing any of the ETP Securities should make their own independent investigations and enquiries into Boost Management Limited.*

### General

Boost Management Limited was incorporated in Jersey (registered number 111057) as a private company with limited liability under the Companies (Jersey) Law 1991 on 12 July 2012 for a period of unlimited duration.

The shareholders of the Manager are Sara Giwa-McNeil and Nicholas Bienkowski.

The objects of the Manager are unrestricted.

### Registered office and telephone number

The Manager's registered office is at 12 Castle Street, St Helier, JE2 3RT. The Manager's telephone number is +44 (0) 1534 847222.

### Management

The Directors of the Manager are:

- Nicholas Bienkowski
- Mark Hodgson
- Hector McNeil
- Aidan O'Flanagan

The business address of each of the Directors is 12 Castle Street, St. Helier, Jersey, JE2 3RT.

The secretary of the Manager is Capita Secretaries Limited of 12 Castle Street, St Helier, Jersey, JE2 3RT.

### Business

The principal activity of the Manager is the provision of administration and advisory services to the Issuer pursuant to the Services Agreement. See the section of this Base Prospectus titled "*Description of Programme Documents – the Services Agreement*".

The ETP Securities are obligations of the Issuer alone and not of the Manager.

## THE INITIAL SWAP PROVIDER

*The information set out in this section of this Base Prospectus headed “The Initial Swap Provider” has been obtained from BNP Paribas Arbitrage S.N.C. Such information has been accurately reproduced and, as far as the Issuer is aware and able to ascertain from information published by BNP Paribas Arbitrage S.N.C., no facts have been omitted that would render the reproduced information inaccurate or misleading. Delivery of this Base Prospectus shall not create any implication that there has been no change in the affairs of BNP Paribas Arbitrage S.N.C. since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.*

*In addition to the Issuer, BNP Paribas Arbitrage S.N.C. accepts responsibility for the information contained in this section of this Base Prospectus headed “The Initial Swap Provider”. No other Programme Party verified, or accepts any liability whatsoever for the accuracy of, such information and investors contemplating purchasing any of the ETP Securities should make their own independent investigations and enquiries into BNP Paribas Arbitrage S.N.C.*

BNP Paribas Arbitrage S.N.C. is a wholly owned subsidiary of BNP Paribas S.A. It is involved in dealing on its own account in equities and equity derivatives and stock borrowing and lending, receiving and transmitting orders for third parties, placement, underwriting and investment advice (decision of the *Comité des Etablissements de Crédit et des Entreprises d'Investissement* – CECEI dated April 9, 2002). It trades on the main international financial markets and is, in particular, a major dealer in equities on the U.S., French, British, Swiss, German, Dutch, Belgian, Italian and Spanish stock exchanges.

BNP Paribas Arbitrage S.N.C. is organised as a French partnership *Société en Nom Collectif* (S.N.C.), with capital of EUR 323,753,355, whose registered office is located at 160-162 boulevard Macdonald, 75019 Paris (France), registered with the Registry of Commerce and Companies of Paris under the number 394 895 833.

The capital of BNP Paribas Arbitrage S.N.C. is held by three partners (*associés*):

TAIBOUT PARTICIPATION 3, *Société en Nom Collectif*, whose registered office is located at 1 Boulevard Haussmann - 75009 Paris (France), registered with the Registry of Commerce and Companies of Paris under the number 433 912 250, holds 99.996% of the BNP Paribas Arbitrage S.N.C. capital;

BNP PARIBAS, *Société Anonyme*, whose registered office is located at 16 boulevard des Italiens 75009 Paris (France), registered with the Registry of Commerce and Companies of Paris under the number 662 042 449, holds 0.002% of the BNP Paribas Arbitrage S.N.C. capital;

Société ANTIN PARTICIPATION 5, *Société par Actions Simplifiée*, whose registered office is located at 1 Boulevard Haussmann - 75009 Paris (France), registered with the Registry of Commerce and Companies of Paris under the number 433 891 678, holds 0.002% of the BNP Paribas Arbitrage S.N.C. capital.

The manager (*Gérant*) of BNP Paribas Arbitrage S.N.C. is BNP Paribas, whose permanent representative (*Représentant Permanent du Gérant*) is Mr. Yann Gerardin.

*Sociétés en Nom Collectif* are governed by articles L221-1 to L221-17 of the Code of Commerce, related to commercial companies. Article L221-1 expressly states that the partners of a S.N.C. are indefinitely, jointly and severally liable for the debts of the S.N.C. This joint and several obligation exists for each partner of the S.N.C., whatever the amount of the S.N.C.'s capital such partner holds, so that each creditor of a S.N.C. may require from any of the partners of such S.N.C. the payment of the aggregate amount of its debt against the S.N.C. This obligation is attached by law to the qualification of a person as a partner of a S.N.C. Thus, in the event BNP Paribas Arbitrage S.N.C. is in default in the performance of any of its obligations toward a third party, BNP Paribas S.A. will be liable towards such third party as if BNP Paribas S.A., itself, had directly underwritten such an obligation.

Further, pursuant to an English law guarantee, BNP Paribas S.A. has agreed and undertaken that it shall, following the occurrence of an Event of Default under the Swap Agreement between the Issuer and the Initial Swap Provider, irrevocably guarantee to the Issuer all amounts payable by the Initial Swap Provider to the Issuer pursuant to such Swap Agreement.

BNP Paribas S.A. is a French *société anonyme* registered with the Registre du Commerce et des Sociétés in Paris under number 662 042 449 (APE business identifier code: 651 C), licensed to conduct banking operations under the Monetary and Financial Code (Code Monétaire et Financier, Livre V, Titre 1er). BNP

Paribas is domiciled in France; its registered office is located at 16, boulevard des Italiens - 75009 Paris, France.

BNP Paribas S.A. has its shares listed on the regulated market of the Euronext Paris stock exchange.

The BNP Paribas Group (of which BNP Paribas SA is the parent company), Europe's leading provider of banking and financial services, has four domestic retail banking markets in Europe, namely in Belgium, France, Italy and Luxembourg. It is present in over 79 countries and has nearly 200,000 employees, including over 155,000 in Europe.

BNP Paribas holds key positions in its three activities:

- (i) Retail Banking, which includes the following operating entities:
  - French Retail Banking (FRB);
  - BNL banca commerciale (BNL bc), Italian retail banking;
  - BeLux Retail Banking;
  - Europe-Mediterranean;
  - BancWest;
  - Personal Finance; and
  - Equipment Solutions;
- (ii) Investment Solutions; and
- (iii) Corporate and Investment Banking (CIB).

## THE COLLATERAL ADMINISTRATOR

*The information set out in this section of this Base Prospectus headed “The Collateral Administrator” has been obtained from The Bank of New York Mellon, acting through its London branch. Such information has been accurately reproduced and, as far as the Issuer is aware and able to ascertain from information published by The Bank of New York Mellon, acting through its London branch, no facts have been omitted that would render the reproduced information inaccurate or misleading. Delivery of this Base Prospectus shall not create any implication that there has been no change in the affairs of The Bank of New York Mellon, acting through its London branch since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.*

*In addition to the Issuer, the Bank of New York Mellon, acting through its London branch accepts responsibility for the information contained in this section of this Base Prospectus headed “Collateral Administrator”. No other Programme Party has verified, or accepts any liability whatsoever for the accuracy of, such information and investors contemplating purchasing any of the ETP Securities should make their own independent investigations and enquiries into The Bank of New York Mellon, acting through its London branch.*

The Bank of New York Mellon, a wholly owned subsidiary of The Bank of New York Mellon Corporation, is incorporated, with limited liability by Charter, under the Laws of the State of New York by special act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its Head Office situated at One Wall Street, New York, NY 10286, USA and having a branch registered in England & Wales with FC No 005522 and BR No 000818 with its principal office in the United Kingdom situated at One Canada Square, London E14 5AL.

The Bank of New York Mellon is a global financial services company focused on helping clients manage and service their financial assets, operating in 36 countries and serving more than 100 markets. BNY Mellon is a leading provider of financial services for institutions, corporations and high-net-worth individuals, offering superior investment management and investment services through a worldwide client-focused team. It has \$27.1 trillion in assets under custody and administration and \$1.3 trillion in assets under management, services \$11.5 trillion in outstanding debt and processes global payments averaging \$1.4 trillion per day. BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation.

Global Collateral Services offers a comprehensive suite of capabilities to help its clients address their collateral, liquidity and securities financing needs. Global Collateral Services offers a comprehensive currently services \$2 trillion in global collateral (including tri-party repo collateral worldwide) and approximately \$100 billion in assets through its Liquidity DIRECT SM investment portal, and operates one of the industry's largest securities lending programs, with \$3 trillion in lendable assets.

## TAX CONSIDERATIONS

*The following is a general discussion of the anticipated German, Irish, Italian, and United Kingdom tax treatment of the Issuer and the holders of the ETP Securities. It is limited to the jurisdiction of incorporation of the Issuer and those jurisdictions in which admission to trading may be sought or offers for which a prospectus is required under the Prospectus Directive may be made pursuant to this Base Prospectus. The discussion is based on laws, regulations, rulings and decisions (and interpretations thereof) currently in effect, all of which are subject to change. Any such change may have retroactive effect. The discussion is intended for general information only, and does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase the ETP Securities.*

**Prospective investors should consult their own professional advisers concerning the possible tax consequences of buying, holding or selling any Securities under the applicable laws of their country of citizenship, residence or domicile.**

### United Kingdom

The following is a summary of the Issuer's understanding of current United Kingdom tax law and United Kingdom HM Revenue & Customs ("HMRC") practice as at the date of this Base Prospectus relating to certain limited aspects of the United Kingdom tax treatment of ETP Securities. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of ETP Securities and are subject to any change in law or HMRC practice that may take effect after the date of this Base Prospectus.

The following summary relates only to investors who are either individuals (i.e. natural persons) acting in a private capacity and who are resident, ordinarily resident and domiciled in and only in the United Kingdom for tax purposes ("UK Individuals") or that are legal persons within the charge to United Kingdom corporation tax ("UK Corporates"). The summary also relates only to the position of persons who are absolute beneficial owners of ETP Securities and hold ETP Securities as an investment (as opposed to securities to be realised in the course of a trade). The summary does not deal with the position of certain categories of investor, such as dealers in securities, insurance companies, collective investment schemes, persons connected with the Issuer and investors who have, or are deemed to have acquired the ETP Securities by reason of, or in connection with, any office or employment.

The summary assumes that the Issuer is neither resident in the United Kingdom for United Kingdom tax purposes nor carrying on a trade in the United Kingdom for United Kingdom tax purposes.

Investors and prospective investors in ETP Securities should be aware that the particular terms of issue of any Class of ETP Securities as specified in the applicable Final Terms may affect how that Class of ETP Securities is classified for United Kingdom tax purposes and, accordingly, the United Kingdom tax treatment of that Class of ETP Securities. The following summary relates only to certain possible classifications of ETP Securities and does not cover the United Kingdom tax treatment of all possible Classes of ETP Securities that could be issued under the Programme. In addition, the United Kingdom tax position of specific holders of ETP Securities will depend on their own specific circumstances.

**This summary is intended only as a general guide, does not constitute tax advice and should be treated with appropriate caution. Investors and prospective investors are strongly urged to seek tax advice from appropriate professional advisers regarding an investment in ETP Securities, including the classification and tax consequences of the specific Class of ETP Securities and their particular situation.**

### **Withholding tax and reporting requirements**

The Issuer may make payments in respect of any Class of ETP Securities without deduction or withholding for or on account of United Kingdom tax if such payments are not considered to have a "UK source".

If any payments made by the Issuer in respect of any Class of ETP Securities have a "UK source", such payments may nevertheless be made without deduction or withholding for or on account of United Kingdom tax if that Class is listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 ("ITA 2007"). This is as a result of the exemption from withholding tax for quoted Eurobonds set out in section 882 ITA 2007. On the basis of information published by HMRC regarding which stock exchanges are so recognised, the London Stock Exchange is, amongst other stock exchanges, a recognised stock exchange for these purposes. Therefore, payments in respect of ETP Securities may be made without withholding or deduction for or on account of United Kingdom tax if, and for so long as, such ETP Securities are listed on the London Stock Exchange or any other recognised stock exchange.

Payments with a “UK source” made by the Issuer in respect of any Class of ETP Securities that is not listed on a recognised stock exchange may be made without deduction or withholding for or on account of United Kingdom tax if such payments are “excepted payments” within sections 933 to 937 ITA 2007.

The United Kingdom withholding tax treatment of any payments which are “UK source” and which are not “excepted payments”, which are made in respect of any Class of ETP Securities which is not listed on a such a recognised stock exchange, will depend upon the specific circumstances, and the specific terms of such Class including whether any payments in respect of the relevant Class fall to be treated as interest for United Kingdom tax purposes.

Persons in the United Kingdom making payments that fall to be treated as interest for United Kingdom tax purposes to, or receiving such payments on behalf of another person who is, an individual may be required to provide certain information to HMRC regarding the identity of the recipient or person entitled to such payments and, in certain circumstances, such information may be exchanged with tax authorities in other countries.

### ***EU Directive on the Taxation of Savings Income***

Under the European Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”), Member States are required to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person within its jurisdiction to an individual resident in another Member State, except that for a transitional period, Luxembourg and Austria instead operate a withholding system unless during that period they elect otherwise (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries and territories). Certain other jurisdictions, including Switzerland, have enacted equivalent legislation which imposes a withholding tax and/or information reporting regime in substantially the same circumstances as envisaged by the Savings Directive.

The European Commission has adopted a proposal to amend the Savings Directive, with a view to closing existing loopholes and eliminating tax evasion. These changes broadly relate to the scope of, and mechanisms implemented by, the Savings Directive. If these changes are implemented, the position of investors in relation to the Savings Directive, if applicable, could be different to that set out above.

### ***Tax Treatment of Investors in ETP Securities***

The particular terms of issue of any Class of ETP Securities as specified in the applicable Final Terms may affect the tax treatment of that Class of ETP Securities. Examples of certain possible United Kingdom tax treatments of a Class of ETP Securities are set out below, although other alternative treatments may also be possible depending on the specific terms of the Classes of ETP Securities that are issued. The Issuer makes no comment, and has not sought any confirmation from HM Revenue & Customs, as to the classification of any Class of ETP Securities for United Kingdom tax purposes.

### ***UK Individual investors***

#### ***Deeply discounted securities***

In relation to ETP Securities of any Class that fall to be treated for United Kingdom tax purposes as deeply discounted securities (as defined in Chapter 8 Part 4 United Kingdom Income Tax (Trading and Other Income) Act 2005 (“**ITTOIA 2005**”)) and do not fall within the definition of “excluded indexed securities” in section 433 ITTOIA 2005 (“**Deeply Discounted Securities**”), any profit arising to an investor who is a UK Individual on a sale, redemption or other disposal of such ETP Securities will constitute taxable income rather than capital gain for United Kingdom tax purposes.

#### ***Excluded indexed securities and debt securities that are neither Deeply Discounted Securities nor Offshore Funds***

In relation to ETP Securities of any Class that either (1) would constitute Deeply Discounted Securities but for falling within the definition of excluded indexed securities in section 433 ITTOIA 2005 (“**Excluded Indexed Securities**”) or (2) fall to be treated as debt securities for United Kingdom tax purposes and constitute neither Deeply Discounted Securities nor Offshore Funds, any profit arising to an investor who is a UK Individual on a sale, redemption or other disposal of such ETP Securities should constitute capital gain rather than income for United Kingdom tax purposes.

### *Offshore funds*

In relation to any Class of ETP Securities which does not fall to be treated as Deeply Discounted Securities, Excluded Indexed Securities or debt securities for United Kingdom tax purposes, but constitute interests in an “offshore fund” (as defined in Part 8 United Kingdom Taxation (International and Other Provisions) Act 2010 (“**TIOPA 2010**”) (an “**Offshore Fund**”)), any gain accruing to an investor who is a UK Individual upon the sale, redemption or other disposal of such ETP Securities will constitute taxable income rather than capital gain for United Kingdom tax purposes if that Class of ETP Securities is not recognised by HMRC as a “reporting fund” pursuant to the Offshore Fund (Tax) Regulations 2009 (SI 2009/3001).

In relation to any Class of ETP Securities which constitutes an Offshore Fund (and not Deeply Discounted Securities, Excluded Indexed Securities or debt securities for United Kingdom tax purposes) and obtains recognition by HMRC as a reporting fund, any gain arising to an investor who is a UK Individual on the sale, redemption or other disposal of such ETP Securities should constitute capital gain rather than income for United Kingdom tax purposes provided that such recognition by HMRC is maintained throughout the period during which such ETP Securities are held by that investor. In relation to any such Class of ETP Securities recognised as a reporting fund, the Issuer would be required to report to each investor following the end of each period of account of the Issuer their share of the net income attributable to the relevant Class of ETP Securities for such period of account. Any such reported income would constitute taxable income (rather than capital gain) for United Kingdom tax purposes for any investor who is a UK Individual, but would also be added to that investor’s base cost in the ETP Securities for the purposes of calculating any capital gain made on the sale, redemption or other disposal of the ETP Securities for United Kingdom tax purposes.

To the extent that any Classes of ETP Securities could constitute interests in an Offshore Fund, the Directors may consider whether it would be appropriate to apply to the HMRC in respect of some or all of such Classes of ETP Securities for recognition as a reporting fund. The effect of obtaining and maintaining for a particular Class of ETP Securities which constitutes an Offshore Fund (and which are not Deeply Discounted Securities, Excluded Indexed Securities or debt securities for United Kingdom tax purposes) such reporting fund status throughout an investor’s relevant period of ownership would be that any gains on disposal of such ETP Securities should be taxed as capital gains for United Kingdom tax purposes. However, there can be no guarantee such consideration will be given or that reporting fund status will be applied for or obtained and maintained for any such Class of ETP Securities in relation to which an application is made. Unless such consideration is given, such an application is made and reporting fund status is granted (and if it is granted, not subsequently withdrawn), any gains arising to an investor who is a UK Individual resident on a sale, redemption or other disposal of such Class of ETP Securities would be taxed as taxable income rather than capital gains for United Kingdom tax purposes.

### *Inheritance tax*

For the purposes of United Kingdom inheritance tax, an ETP Security may form part of the value of the estate of an investor who is a UK Individual and United Kingdom inheritance tax may (subject to certain exemptions and reliefs) become payable in respect of the value of an ETP Security on a gift of that ETP Security by, or the death of, an investor who is a UK Individual. Such a tax charge may be subject to appropriate provisions in any applicable double tax treaty.

### **UK Corporate investors**

#### *Loan relationships*

In relation to ETP Securities of any Class which fall to be taxed under the loan relationships legislation in Part 5 or Part 6 of United Kingdom Corporation Tax Act 2009 (the “loan relationship rules”), any profits or losses on the ETP Securities arising to a UK Corporate would be included in computing the profits or losses of such investor for the United Kingdom corporation tax purposes of such UK Corporate (generally on the basis on which such profits and losses are recognised in its accounts prepared in accordance with generally accepted accounting practice or international financial reporting standards) and would be treated as income rather than capital profits and losses.

#### *Derivative contracts*

In relation to ETP Securities of any Class which fall within the derivative contracts legislation contained in Part 7 United Kingdom Corporation Tax Act 2009 (the “derivative contract rules”), any profits or losses on the ETP Securities arising to a UK Corporate would be included in computing the profits or losses of such investor for the United Kingdom corporation tax purposes of such UK Corporate (generally on the basis on which such profits and losses are recognised in its accounts prepared in accordance with generally

accepted accounting practice or international financial reporting standards) and would be treated as income rather than capital profits and losses.

### *Offshore funds*

If any Class of ETP Securities constitutes neither a loan relationship for the purposes of the loan relationship rules nor a derivative contract taxed under the derivative contract rules, and constitutes an Offshore Fund, the United Kingdom tax treatment for a UK Corporate would (subject to the following paragraph) be the same as set out above in respect of UK Individuals holding ETP Securities which are Offshore Funds (and neither Deeply Discounted Securities, Excluded Indexed Securities nor debt securities), save that taxable income or gains in relation to a sale, redemption or other disposal of ETP Securities would be subject to United Kingdom corporation tax in the accounting period in which such sale, redemption or other disposal occurs.

The loan relationships rules provide that, if at any time in an accounting period of a UK Corporate, that UK Corporate holds an interest in an Offshore Fund, and there is a time in that period when that Offshore Fund fails to satisfy the “qualifying investments” test, the interest held by such a UK Corporate will be treated for that accounting period as if it were rights under a creditor relationship for the purposes of the loan relationships rules. An Offshore Fund fails to satisfy the qualifying investments test at any time when more than 60 per cent. of its assets by market value (excluding cash awaiting investment) comprise “qualifying investments”. Qualifying investments include government and corporate debt securities, cash on deposit, certain derivative contracts and holdings in collective investment schemes which at any time in the accounting period of the person holding the interest in the offshore fund do not themselves satisfy the qualifying investments test. Posted Collateral may constitute qualifying investments, depending on the nature of the Posted Collateral held by the Issuer at any particular time and, accordingly, the Issuer could fail to satisfy the qualifying investments test. In that eventuality, the relevant ETP Securities which would otherwise have been treated as Offshore Funds, and not as loan relationships or derivative contracts for United Kingdom tax purposes, would instead be treated for United Kingdom corporation tax purposes as within the loan relationships rules (and not the offshore funds regime) with the result that all returns on the ETP Securities in respect of such a person’s accounting period (including gains, profits and losses) will be taxed or relieved as an income receipt or expense on a “fair value accounting” basis.

### **Stamp duties**

No United Kingdom stamp duty or stamp duty reserve tax is payable on the issue or redemption of ETP Securities. In addition, subject to the following paragraph, no such stamp duty or stamp duty reserve tax is payable in respect of the transfer of ETP Securities provided any register in respect of such ETP Securities is at all times kept and maintained outside the United Kingdom.

In the event that a written instrument of transfer of ETP Securities were to be used, or there were any written agreements to transfer ETP Securities, any such written instruments of transfer or agreements could, depending on the circumstances, be subject to UK stamp duty if such instruments or agreements are executed in the United Kingdom or related to property, assets or matters done or to be done in the United Kingdom. However, no practical obligation to pay any such United Kingdom stamp duty would arise unless such instruments or agreements were needed as evidence before a UK court, tribunal, tax authority or other public body in which event it may be necessary, depending upon the circumstances, for interest and/or penalties to be paid in addition to the stamp duty.

### **Ireland**

The following summary outlines certain aspects of Irish tax law and practice regarding the ownership and disposition of ETP Securities. This summary deals only with ETP Securities held beneficially as capital assets and does not address special classes of holders of ETP Securities such as dealers in securities. This summary is not exhaustive and holders of ETP Securities are advised to consult their own tax advisers in respect of the taxation consequences of their ownership or disposition. The summary is based on current Irish taxation legislation and practice of the Irish Revenue Commissioners.

### **Withholding Tax**

In general, tax at the standard rate of income tax (currently 20 per cent.) is required to be withheld from payments of Irish source interest. However, an exemption from withholding on interest payments exists under Section 64 of the Taxes Consolidation Act, 1997 (the “**1997 Act**”) for certain securities (“**quoted Eurobonds**”) issued by a body corporate (such as the Issuer) that carry a right to interest and are quoted on a recognised stock exchange (which would include the London, Italian and Frankfurt Stock Exchange).

Any interest paid on such quoted Eurobonds can be paid free of withholding tax provided the person by or through whom the payment is made is not in Ireland or the payment is made by or through a person in Ireland, and either:

- (a) the quoted Eurobond is held in a clearing system recognised by the Irish Revenue Commissioners (Euroclear, Clearstream Banking S.A. and Clearstream Banking AG are so recognised); or
- (b) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to the person by or through whom the payment is made in the prescribed form.

So long as the ETP Securities are quoted on a recognised stock exchange and are held in Euroclear and/or Clearstream Banking S.A. and/or Clearstream Banking AG, interest on the ETP Securities can be paid by the Issuer and any paying agent acting on behalf of the Issuer without any withholding or deduction for or on account of Irish income tax.

If the quoted Eurobond exemption referred to above ceases to apply, the Issuer can still pay interest on the ETP Securities free of withholding tax provided it is a “qualifying company” (within the meaning of Section 110 of the 1997 Act) and provided the interest is paid to a person resident in a “relevant territory” (i.e. a member state of the European Union (other than Ireland) or a country with which Ireland has a double taxation agreement which has the force of law, or a country with which Ireland has signed a double taxation agreement which will on the completion of certain procedures have the force of law). For this purpose, residence is determined by reference to the law of the country in which the recipient claims to be resident. This exemption from withholding tax will not apply, however, if the interest is paid to a company in connection with a trade or business carried on by it through a branch or agency located in Ireland.

In certain circumstances, Irish tax will be required to be withheld at the standard rate from interest on any quoted Eurobond, where such interest is collected by a bank or other Agent in Ireland on behalf of any holder of ETP Securities who is an Irish resident.

#### ***Taxation of holders of ETP Securities***

Notwithstanding that a holder of ETP Securities may receive interest on the ETP Securities free of withholding tax, the holder of ETP Securities may still be liable to pay Irish income tax. Interest paid on the ETP Securities may have an Irish source and therefore be within the charge to Irish income tax and levies. Ireland operates a self assessment system in respect of income tax and any person, including a person who is neither resident nor ordinarily resident in Ireland, with Irish source income comes within its scope.

However, interest on the ETP Securities will be exempt from Irish income tax if:

- (a) the ETP Securities are quoted Eurobonds, are exempt from withholding tax as set out above and the recipient of the interest is:
  - (i) a company which is resident in a relevant territory; or
  - (ii) a company:
    - (A) which is controlled, directly or indirectly, by persons who are resident in a relevant territory who are not, themselves, controlled by persons who are not so resident; or
    - (B) the principal class of shares of which are substantially and regularly traded on a recognised stock exchange in a relevant territory; or
- (b) the recipient of the interest is resident in a relevant territory and either:
  - (i) the Issuer is a qualifying company and the interest is paid out of the assets of the Issuer; or
  - (ii) if the Issuer has ceased to be a qualifying company, the recipient of the interest is a company and the relevant territory in which the company is resident imposes a tax that generally applies to interest receivable in that territory by companies from sources outside it, or the interest is exempt from income tax under the provisions of a double taxation agreement that was then in force when the interest was paid or would have been exempt had a double taxation agreement that was signed at the date the interest was paid been in force at that date.

For the purposes of the exemptions described at (a) and (b) above, the residence of the recipient in a relevant territory is determined by reference to:

- (i) the relevant treaty between Ireland and the relevant territory, where such treaty has been entered into and has the force of law;
- (ii) under the laws of that territory, where there is no relevant treaty which has the force of law.

Notwithstanding these exemptions from income tax, a corporate recipient that carries on a trade in Ireland through a branch or agency in respect of which the ETP Securities are held or attributed may have a liability to Irish corporation tax on the interest.

Holders of ETP Securities receiving interest on the ETP Securities which do not fall within the above exemptions may, in limited circumstances, be liable to Irish income tax.

### ***Capital Gains Tax***

A holder of ETP Securities will be subject to Irish tax on capital gains on a disposal of ETP Securities unless such holder is neither resident nor ordinarily resident in Ireland and does not carry on a trade in Ireland through a branch or agency in respect of which the ETP Securities are used or held.

### ***Capital Acquisitions Tax***

A gift or inheritance comprising ETP Securities will be within the charge to capital acquisitions tax if either (i) the donor or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the donor is domiciled in Ireland irrespective of his residence or that of the donee/successor) or (ii) if the ETP Securities are regarded as property situated in Ireland. Bearer ETP Securities are generally regarded as situated where they are physically located at any particular time and registered ETP Securities are generally regarded as situated where the principal register is maintained or obliged to be maintained, but the ETP Securities may be regarded as situated in Ireland regardless of their physical location or the location of the register as they are secured over Irish property, and they themselves secure a debt due by an Irish resident debtor. Accordingly, if such ETP Securities are comprised in a gift or inheritance, the gift or inheritance may be within the charge to tax regardless of the residence status of the donor or the donee/successor.

### ***Stamp Duty***

On the basis of an exemption provided for in Section 85(2)(c) to the Stamp Duties Consolidation Act, 1999 provided the proceeds of the ETP Securities are used in the course of the Issuer's business, no stamp duty or similar tax is imposed in Ireland on the issue, transfer or redemption of the ETP Securities whether they are represented by Bearer Securities or Registered Securities or Uncertificated Registered Securities

### ***EU Savings Directive***

The Council of the European Union has adopted a directive regarding the taxation of interest income known as the "European Union Directive on the Taxation of Savings Income (Directive 2003/48/EC)".

Ireland has implemented the directive into national law. Any Irish paying agent making an interest payment on behalf of the Issuer to an individual, and certain residual entities defined in the 1997 Act, resident in another EU member state and certain associated and dependent territories of a member state will have to provide details of the payment to the Irish Revenue Commissioners who in turn will provide such information to the competent authorities of the state or territory of residence of the individual or residual entity concerned. On 15 September 2008, the European Commission issued a report to the Council of the European Union on the operations of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008, the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

## Germany

### Income Tax

#### *Securities held by Tax Residents as Private Assets*

In case the ETP Securities are held as private assets (*Privatvermögen*) by an individual investor whose residence or habitual abode is in Germany, any income received with respect to the ETP Securities including capital gains (within the meaning of German tax law) on the sale or redemption of the ETP Securities is taxed as investment income (*Einkünfte aus Kapitalvermögen*) at a 25 per cent. flat tax (*Abgeltungsteuer*) (plus a 5.5 per cent. solidarity surcharge (*Solidaritätszuschlag*) thereon and, if applicable to the individual investor, church tax). Individual investors are entitled to a tax allowance (*Sparer-Pauschbetrag*) for investment income of EUR 801 per year (EUR 1,602 for married couples filing their tax return jointly). The tax allowance is considered for purposes of the withholding tax if the investor files a withholding tax exemption request (*Freistellungsauftrag*) with the respective Domestic Paying Agent (as defined below) where the securities deposit account to which the ETP Securities are allocated is held. The deduction of related expenses for tax purposes is not possible. In addition, ETP Securityholders will not be able to offset losses on the sale or redemption of the ETP Securities against types of income (e.g. employment income) other than investment income.

The flat tax is generally collected by way of withholding. If the ETP Securities are kept or administered in a domestic securities deposit account by a German credit or financial services institution (or by a German branch of a foreign credit or financial services institution), or by a German securities trading firm (*Wertpapierhandelsunternehmen*) or a German securities trading bank (*Wertpapierhandelsbank*) (together, the "**Domestic Paying Agent**") since their acquisition, a 25 per cent. withholding tax, plus a 5.5 per cent. solidarity surcharge thereon (and, if applicable to the individual investor, church tax), is levied on capital gains from the sale or redemption of the ETP Securities resulting in a total withholding tax charge of 26.375 per cent. If the ETP Securities were sold or redeemed after being transferred to another securities deposit account, the 25 per cent. withholding tax (plus solidarity surcharge thereon and, if applicable to the individual investor, church tax) would be levied on 30 per cent. of the proceeds from the sale or the redemption, as the case may be, unless the investor or the previous account bank was able and allowed to provide evidence for the investor's actual acquisition costs to the new Domestic Paying Agent. The applicable withholding tax rate is in excess of the aforementioned rate if church tax is collected for the individual investor.

If no Domestic Paying Agent is involved in the payment process, the ETP Securityholder will have to include its income on the ETP Securities in its tax return and the flat income tax of 25 per cent., plus a 5.5 per cent. solidarity surcharge thereon and, if applicable to the individual investor, church tax, will be collected by way of assessment.

Payment of the flat tax will generally satisfy any income tax liability of the ETP Securityholders in respect of such investment income. ETP Securityholders may apply for a tax assessment on the basis of general rules applicable to them if the resulting income tax burden is lower than 25 per cent.

#### *Securities held by Tax Residents as Business Assets*

If the ETP Securities are held as business assets (*Betriebsvermögen*) by an individual or corporate investor that is tax resident in Germany (i.e. persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany), capital gains from the sale or redemption of the ETP Securities are subject to personal or corporate income tax (plus solidarity surcharge thereon and, if applicable to the individual investor, church tax). Capital gains from the sale or redemption of the ETP Securities will also be subject to trade tax.

No withholding is generally required on capital gains from the sale or redemption of ETP Securities derived by German resident corporate ETP Securityholders and upon application by individual ETP Securityholders holding the ETP Securities as business assets. Apart from that if a Domestic Paying Agent is involved in the payment process tax at a rate of 25 per cent. (plus a 5.5 per cent. solidarity surcharge thereon and, if applicable to the individual investor, church tax) will also be withheld from capital gains from the sale or redemption of the ETP Securities. Any German withholding tax (including surcharges) is generally fully creditable against the investor's personal or corporate income tax liability or refundable, as the case may be. Losses realised on the sale or redemption of the ETP Securities may be offset in particular against other items of positive income under the general tax rules or deducted as part of losses carried back or forward, although the minimum taxation rules, pursuant to which the use of tax loss carry forwards could be restricted, must be observed.

### *Securities held by Non-tax Residents*

Income derived from the ETP Securities by holders who are not tax resident in Germany is in general exempt from German income taxation, and no withholding tax shall be withheld, provided however (i) the ETP Securities are not held as business assets of a German permanent establishment of the investor or by a permanent German representative of the investor, or (ii) the ETP Securities are not presented for payment or credit at the offices of a German credit or financial services institution including a German branch of a foreign credit or financial services institution (over-the-counter transaction).

If the income derived from the ETP Securities is subject to German taxation according to (i) above, the income is subject to withholding tax similar to that described above under "*Securities held by Tax Residents as Business Assets*". According to (ii) above, the payment of withholding tax will generally satisfy any German income tax liability of the ETP Securityholders in respect of such investment income. Under certain circumstances, foreign investors may benefit from tax reductions or tax exemptions under applicable double tax treaties (*Doppelbesteuerungsabkommen*) entered into with Germany.

### **Investment Tax Act**

The ETP Securities should not qualify as units in a foreign investment fund in terms of the German Investment Tax Act (*Investmentsteuergesetz*) since, according to a decree of the German Federal Financial Supervisory Authority, securities which do not require the issuer to invest in the underlying assets and which do not grant the investor a right in the underlying asset or to receive the underlying asset and which are merely linked to the performance of the underlying asset are not considered units in a foreign investment fund for purposes of the German Investment Tax Act. Therefore, if the Final Terms of the respective ETP Securities only provide for an economic return linked to the performance of an underlying asset, the German Investment Tax Act should not apply.

### **Inheritance and Gift Tax**

No inheritance or gift taxes with respect to ETP Securities will arise under the laws of Germany, if, in the case of inheritance tax, neither the decedent nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such ETP Security is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German expatriates.

If, in the case of inheritance tax, either the decedent or the beneficiary, or, in the case of gift tax, either the donor or the donee are residents of Germany or deemed residents of Germany under the German Inheritance and Gift Tax Act, such German residents are in principle subject to German inheritance or gift taxes in case the ETP Securities are transferred by way of inheritance or gift or in similar cases. This may in particular be the case if the decedent, beneficiary, donor or donee is:

- (1) an individual having at the time of the donation or death a residence or its habitual abode in Germany or if the individual is a German citizen who has not been living abroad for more than 5 years without having a residence in Germany; or
- (2) a corporation having its seat or central place of management in Germany, or if the ETP Securities constitute business assets attributable to a permanent establishment or a permanent representative in Germany.

Exemptions and / or personal allowances may be applicable.

### **Other Taxes**

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the ETP Securities. Currently, net assets tax (*Vermögensteuer*) is not levied in Germany.

### **EU Directive on the Taxation of Savings Income**

On 3 June 2003 the Council of the European Union approved the Savings Directive. Accordingly, each EU Member State must require paying agents (within the meaning of the Savings Directive) established within its territory to provide to the competent authority of such EU Member State details of payments of interest made to any individual resident in another EU Member State as the beneficial owner of the interest. The competent authority of the EU Member State of the paying agent (within the meaning of the Savings

Directive) is then required to communicate this information to the competent authority of the EU Member State of which the beneficial owner of the interest is a resident.

By legislative regulations dated 26 January 2004 the German Federal Government enacted the provisions for implementing the EU Savings Directive into German law. These provisions applied with effect from 1 July 2005. The EU Savings Directive is currently being reviewed. One of the issues under discussion is an extension of its scope to include interest income derived by certain corporations.

## Italy

### **Tax on income and capital gains**

Provided that the ETP Securities qualify as derivatives instruments for the purposes of Italian tax law, pursuant to Article 67 of Presidential Decree No. 917 of 22 December 1986 and Legislative Decree No. 461 of 21 November 1997, as subsequently amended, where the Italian resident ETP Securityholder is: (i) an individual not engaged in an entrepreneurial activity to which the ETP Securities are connected, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution or (iv) an investor exempt from Italian corporate income taxation, capital gains realised on the sale or redemption of the ETP Securities are subject to a 20 per cent. substitute tax (*imposta sostitutiva*).

In this respect, ETP Securityholders who are Italian resident individuals may opt for three different taxation regimes (*regime della dichiarazione, regime del risparmio amministrato, regime del risparmio gestito*). This option may result in certain impacts that the prospective investors should consider with their tax advisers. In particular, provided that certain conditions are met, the depository is responsible for accounting for *imposta sostitutiva* and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the ETP Securityholder or using funds provided by the ETP Securityholder for this purpose. Under certain conditions, capital losses may be deducted from the above mentioned capital gains.

Where an Italian resident ETP Securityholder is a company or similar commercial entity, an Italian individual engaged in entrepreneurial activities to which the ETP Securities are effectively connected or the Italian permanent establishment of a foreign commercial entity to which the ETP Securities are effectively connected, capital gains arising from the ETP Securities will not be subject to *imposta sostitutiva*, but must be included in the relevant ETP Securityholder's income tax return and are therefore subject to Italian corporate income tax (*IRES*, currently applicable at a rate of 27.5 per cent.) or to individual income tax (at the applicable progressive tax rates) according to the ordinary rules and, in certain cases, depending on the status of such holder, may also have to be included in its taxable base for regional tax on productive activities (*IRAP*), currently applicable at a rate of 3.9 per cent. The IRAP rate may be increased in certain Italian regions. The IRAP rate has also been increased to 4.65 per cent. and 5.9 per cent. by article 23(5) of Law Decree no. 98 of 6 July 2011 for the categories of companies indicated under article 6 and article 7, respectively, of Legislative Decree no. 446 of 15 December 1997.

The increase or decrease in the fair market value of the ETP Securities, as well as the gains or losses realised upon the sale for consideration or redemption of the ETP Securities by Italian resident collective investment funds and hedge funds, with the exception of Italian real estate investment funds, are not subject to taxation at the level of the fund.

The increase or decrease in fair market value of the ETP Securities, as well as the gains or losses realised upon the sale for consideration or redemption of the ETP Securities by Italian resident pension funds (subject to the regime provided for by article 17 of Legislative Decree no. 252 of 5 December 2005) are included in the determination of the accrued appreciation or depreciation in net asset value of the managed assets for the year that is subject to a substitute tax (*imposta sostitutiva*), currently at a rate of 11 per cent.

Capital gains realised by non-Italian resident ETP Securityholders without a permanent establishment in Italy are not subject to Italian taxation, if (i) the ETP Securities are held outside of Italy, or (ii) the capital gains derive from transactions executed in the regulated markets or (iii) the ETP Securities have been deposited in Italy but are not traded on a regulated market and the beneficial owner of proceeds from the relevant ETP Securities complies with certain filing requirements and is a resident of a country which is included in the list of jurisdictions allowing exchange of information with the Italian tax authorities as provided under a Ministerial Decree of 4 September 1996 or, starting from the tax period following the enactment of a specific Ministerial Decree to be issued under article 168-*bis*(1) of Presidential Decree no. 917 of 1986 (Italian Income Tax Code), which is included in the new list of qualifying jurisdictions as specified by such Decree.

The tax treatment of the ETP Securities described above has been confirmed by the Italian tax authority's decision No. 72/E of 12 July 2010 dealing with the Italian tax treatment of investment in secured exchange commodities. Nevertheless, should the Italian tax authority and/or tax courts take the view that, regardless of the previous position it has taken in decision No. 72/E, the ETP Securities are to be characterised not as derivative instruments but as debt instruments representing so-called "atypical securities" pursuant to Article 8 of Law Decree No. 512 of 30 September 1983 (as subsequently amended) a different tax treatment would apply. Returns treated for tax purposes as interest and other proceeds deriving from "atypical securities" issued by non-Italian resident issuers are subject to a 20 per cent. withholding tax applied by the Italian resident intermediary intervening in the payment, save where held by a commercial partnership, a commercial private or public institution resident in Italy for tax purposes or by an Italian permanent establishment of a non-Italian resident entity. Instead these entities must include the proceeds in their taxable business income, under the same basis as described above.

### ***Inheritance and gift taxes***

Law no. 286 of 24 November 2006, which has enacted, with amendments, Law Decree No. 262 of 3 October 2006, introduced inheritance and gift tax to be paid on the transfer of assets (such as the ETP Securities) and rights by reason of death or gift. No inheritance or gift tax will arise under the laws of Italy if, in the case of inheritance tax, the decedent or, in the case of gift tax, the donor, is not resident in Italy and the ETP Securities are not held in Italy.

As regards the inheritance and gift tax to be paid on the transfer of the ETP Securities by reason of death or gift, the following rates apply:

- (1) transfers in favour of spouses and direct descendants or direct relatives are subject to an inheritance and gift tax of 4 per cent. on the value of the inheritance or the gift exceeding Euro 1 million for each beneficiary;
- (2) transfers in favour of brothers and sisters are subject to an inheritance and gift tax of 6 per cent. on the value of the inheritance or the gift exceeding Euro 100,000 for each beneficiary;
- (3) transfers in favour of relatives up to the fourth degree or relatives-in-law to the third degree, are subject to an inheritance and gift tax of 6 per cent. on the entire value of the inheritance or the gift;
- (4) any other transfer is subject to an inheritance and gift tax of 8 per cent. on the entire value of the inheritance or the gift;
- (5) transfers in favour of seriously disabled persons are subject to an inheritance and gift tax at the relevant rate described above on the value of the inheritance or the gift exceeding Euro 1.5 million for each beneficiary.

### ***Securities Transfer Tax***

According to Article 37 of Law Decree No. 248 of 31 December 2007, as converted with amendments into Law No. 31 of 28 February 2008, the transfer of the ETP Securities is not subject to Italian transfer tax.

### ***Stamp duty***

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 ("Decree 201"), a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients for the ETP Securities deposited therewith. The stamp duty applies at a rate of 0.1 per cent. for 2012 and at 0.15 per cent. for subsequent years. This stamp duty is determined on the basis of the market value or, if no market value figure is available, the nominal value or redemption amount of the ETP Securities held. The stamp duty can be no lower than EUR 34.20 and, for 2012 only, cannot exceed EUR 1,200.

### ***Wealth Tax on securities deposited abroad***

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the ETP Securities outside the Italian territory are required to pay an additional tax at a rate of 0.1 per cent. for 2012 and at 0.15 per cent. for subsequent years.

This tax is calculated on the market value of the ETP Securities at the end of the relevant year or, if no market value figure is available, the nominal value or the redemption value of the ETP Securities held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth

taxes paid in the state where the ETP Securities are held (up to an amount equal to the Italian wealth tax due).

### ***Implementation in Italy of the Directive***

Italy has implemented the Savings Directive through Legislative Decree No. 84 of 18 April 2005 ("**Decree No. 84**"). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid starting from 1 July 2005 to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian paying agents (i.e. banks, *società di intermediazione mobiliare* (SIM), fiduciary companies, *società di gestione del risparmio* (SGR) resident for tax purposes in Italy, Italian permanent establishments of non-Italian resident persons and any other Italian entity paying interest for professional or business reasons) shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. As no return in respect of ETP Securities (whether in the form of cash, on redemption, or as a result of trading) should constitute a payment of interest for the purposes of the Directive, it is not envisaged that holders or their paying agents should be within the scope of the Directive

## SUBSCRIPTION AND SALE

Only Authorised Participants may subscribe for ETP Securities from the Issuer, acting as principals in respect of such subscriptions.

### General

These selling restrictions may be modified by the agreement of the Issuer and the Authorised Participants following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of ETP Securities to which it relates or in a supplement to this Base Prospectus.

None of the Issuer or any Authorised Participant represents that the ETP Securities 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.

Each Authorised Participant agrees in the relevant Authorised Participant Agreement that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers ETP Securities or has in its possession or distributes this Base Prospectus, any other offering material or any Final Terms and neither the Issuer nor any other Authorised Participant shall have responsibility therefor.

### United States

The ETP Securities have not been and will not be registered under the Securities Act, as amended, or with any securities regulatory authority of any state or other jurisdiction of the United States and the Issuer has not and will not be registered under the Investment Company Act. ETP Securities may not be legally or beneficially owned by any U.S. person at any time nor offered or sold within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

ETP Securities in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Authorised Participant represents and agrees in the relevant Authorised Participant Agreement that it has not offered or sold and will not offer and sell ETP Securities at any time, directly or indirectly, within the United States or its possessions or for the account or benefit of any U.S. person. Each Authorised Participant has further represented and agreed that it has not offered, sold or delivered and will not offer, sell or deliver the ETP Securities except in accordance with Rule 903 of Regulation S under the Securities Act, and that none of it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to such ETP Securities, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of ETP Securities within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Authorised Participant represents and agrees in the relevant Authorised Participant Agreement that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of ETP Securities which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such ETP Securities to the public in that Relevant Member State:

- (i) if the applicable Final Terms in relation to the ETP Securities specify that an offer of those ETP Securities may be made by the Authorised Participant(s) other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of

publication of the Base Prospectus in relation to such ETP Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period (if any) beginning and ending on the dates (if any) specified in such prospectus or final terms, as applicable;

- (ii) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (iii) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Authorised Participant or Authorised Participants nominated by the issuer for any such offer; or
- (iv) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of ETP Securities referred to in paragraphs (ii) to (iv) above shall require the Issuer or any Authorised Participant to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of the provision above, the expression an “offer of Securities to the public” in relation to any ETP Securities in any Relevant Member State means the communication in any form and by means of sufficient information on the terms of the offer and the ETP Securities to be offered so as to enable an investor to decide to purchase or subscribe the ETP Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

### **United Kingdom**

Each Authorised Participant represents and agrees in the Authorised Participant Agreement that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any ETP Securities 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 the FSMA with respect to anything done by it in relation to such ETP Securities in, from or otherwise involving the United Kingdom.

### **Ireland**

Each Authorised Participant represents and warrants in the relevant Authorised Participant Agreement that:

- (i) it will not underwrite the issue of, or place the ETP Securities otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3), and any codes of conduct or rules issued in connection therewith and any conditions, requirements or other enactments imposed or approved by the Central Bank, and the provisions of the Irish Investor Compensation Act 1998;
- (ii) it will not underwrite the issue of, or place the ETP Securities otherwise than in conformity with the provisions of the Irish Central Bank Acts 1942 – 2011 and any codes of practice made under section 117(1) of the Irish Central Bank Act 1989;
- (iii) it will not underwrite the issue of, or place, or do anything in Ireland in respect of the ETP Securities otherwise than in conformity with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued under section 34 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank; and
- (iv) it will ensure that no ETP Securities will be offered or sold with a maturity of less than 12 months except in full compliance with Notice BSD C 01/02 issued by the Central Bank.

## Italy

No offer of the ETP Securities which are the subject of any offering contemplated by the Base Prospectus may be made to the public in the Republic of Italy (Italy) other than:

- (a) to qualified investors (*investitori qualificati*) as defined pursuant to Article 100, paragraph 1(a), of Legislative Decree No 58, 24 February 1998 (the Financial Services Act) as amended and restated from time to time; or
- (b) in any other circumstances provided under Article 100, paragraph 1, of the Financial Services Act and under Article 33, paragraph 1, of CONSOB Regulation No 11971, 14 May 1999, as amended, where exemptions from the requirement to publish a prospectus pursuant to Article 94 of the Financial Services Act are provided.

For the purposes of this provision, the expression "offer of ETP Securities to the public" in Italy means the communication in any form and by any means of sufficient information on the terms of the offer and the ETP Securities to be offered so as to enable an investor to decide to purchase or subscribe the ETP Securities, including the placement through authorised intermediaries.

Any investor purchasing the ETP Securities is solely responsible for ensuring that any offer or resale of the ETP Securities by such investor occurs in compliance with applicable Italian laws and regulations. The ETP Securities and the information contained in this Base Prospectus are intended only for the use of its recipient.

No person resident or located in Italy other than the original recipients of the Base Prospectus may rely on it or its content.

Moreover, and subject to the foregoing, each Dealer has acknowledged that any offer, sale or delivery of the ETP Securities or distribution of copies of this document or any other document relating to the ETP Securities in Italy under (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 23 October 2007, as amended from time to time, and Legislative Decree No. 385 of 1 September 1993, as amended (the Banking Act);
- (ii) in compliance with Article 129 of the Banking Act, as amended, the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of ETP Securities in Italy; and
- (iii) in compliance with any other applicable laws and regulations including any relevant limitations which may be imposed by CONSOB or any other Italian authority.

## GENERAL INFORMATION

1. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the establishment of the Programme. The establishment of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 22 November 2012.
2. Save as disclosed in this Base Prospectus, there has been no significant change in the financial or trading position of the Issuer and no material adverse change in the financial position or prospects of the Issuer since its incorporation.
3. The Issuer is not nor has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) since its incorporation which may have, or have had in the recent past, significant effects on its financial position or profitability.
4. ETP Securities may be accepted for clearance through any Relevant Clearing System including CREST, Euroclear and Clearstream, Luxembourg and Clearstream Banking, Frankfurt (which are the entities in charge of keeping the records). ETP Securities will be cleared through the Relevant Clearing System in whole numbers of ETP Securities only (for these purposes an ETP Security may be referred to as a unit by the relevant Clearing System).

The Common Code and the International Securities Identification Number (ISIN) for each Series of ETP Securities are set out in the applicable Final Terms.

The address of CREST is Euroclear UK & Ireland Limited, 33 Cannon Street, London, EC4M 5SB.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium.

The address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.

5. Where information in this Base Prospectus has been sourced from third parties, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.
6. It is expected that each Class of ETP Securities that is to be listed and admitted to trading on the regulated markets of the London Stock Exchange and/or the Frankfurt Stock Exchange and/or the Italian Stock Exchange will be admitted separately as and when issued, subject only to the issue of ETP Securities initially representing the ETP Securities of such Class. The approval by the Central Bank of this Base Prospectus in respect of the ETP Securities is expected to be granted on or about 30 November 2012.
7. The issue price and the amount of the relevant ETP Securities will be determined, before filing of the applicable Final Terms of each Class, based on then prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any of the Indices or Classes of ETP Securities.
8. For so long as ETP Securities remain outstanding, the following documents will be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the registered office of the Issuer and at the registered office of the Trustee in printed form:
  - (A) the Issuer's Memorandum and Articles of Association
  - (B) the Services Agreement;
  - (C) the Operating Procedures Agreement;
  - (D) the Master Trust Deed;
  - (E) the Agency Agreement;
  - (F) the Determination Agency Agreement;

- (G) each Authorised Participant Agreement;
  - (H) the Collateral Administration Agreement;
  - (I) each Collateral Pool Security Deed;
  - (J) each Swap Provider Agreement;
  - (K) each of the following documents entered into between the Issuer and each Swap Provider:
    - (1) the ISDA Master Agreement and Schedule;
    - (2) the Credit Support Annex; and
    - (3) each Index Swap General Terms Confirmation;
  - (L) the Master Definitions Schedule;
  - (M) the Supplemental Trust Deed in respect of each Class of ETP Securities; and
  - (N) the Final Terms in respect of each Tranche of ETP Securities.
9. This Base Prospectus will be published on the website of the Central Bank ([www.centralbank.ie](http://www.centralbank.ie)).
10. Ernst & Young audits the accounts of the Issuer. Ernst & Young has no material interest in the Issuer. Ernst & Young is a member of the Institute of Chartered Accountants of Ireland.
11. The Manager has agreed to take responsibility for the expenses relating to the admission to trading of each Class and therefore the cost of such expenses to the Initial Issuer is nil.
12. Maples and Calder, as the Irish Listing Agent, is acting solely in its capacity as listing agent for the Issuer in connection with the ETP Securities and is not seeking admission of the ETP Securities to the official list of the Irish Stock Exchange or to trading on the Irish Stock Exchange for the purposes of the Prospectus Directive.
13. Any website mentioned in this Base Prospectus does not form part of the prospectus prepared for the purpose of seeking admission to the Main Market of the London Stock Exchange and/or the Regulated Market of the Frankfurt Stock Exchange and/or the Regulated Market of the Italian Stock Exchange.

## GLOSSARY

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