



**THE BANK OF NOVA SCOTIA**  
(a Canadian chartered Bank)

**U.S.\$20,000,000,000**  
**Euro Medium Term Note Programme**  
**Due from 1 month to 99 years from the date of original issue**

On December 7, 1994, The Bank of Nova Scotia established a Euro Medium Term Note Programme (the "Programme") and issued an offering circular on that date describing the Programme. This Prospectus describing the Programme supersedes all offering circulars and prospectuses describing the Programme dated prior to the date hereof. Any Notes (as defined below) to be issued on or after the date hereof under the Programme, which has been further amended as at the date hereof as described herein, are issued subject to the terms and conditions set out herein. This does not affect any Notes issued prior to the date hereof.

The Bank of Nova Scotia (the "Bank" or the "Issuer") subject to compliance with all relevant laws, regulations and directives, may from time to time issue Notes (the "Notes") under the Programme. The Bank may issue Notes relating to a specified index or a basket of indices ("Index Linked Notes"), a specified equity or a basket of equities ("Equity Linked Notes"), a specified commodity or commodity index or a basket of commodities and/or commodity indices ("Commodity Linked Notes"), a specified fund or basket of funds ("Fund Linked Notes") and the credit of a specified entity or entities ("Credit Linked Notes") or any combination of the foregoing. Notes to be issued under the Programme may comprise (i) unsubordinated Notes which constitute deposit liabilities of the Bank (the "Deposit Notes"), and (ii) Notes which are subordinated as described herein (the "Subordinated Notes"). The aggregate principal amount of Notes outstanding will not exceed U.S.\$20,000,000,000 or the equivalent in other currencies determined by the Calculation Agent (as defined below) if any, at the time of each issuance of Notes in other currencies.

Any person (an "Investor") intending to acquire or acquiring any Notes from any 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 be responsible to the Investor for the Prospectus under section 90 of FSMA only if the Issuer has authorised that Offeror to make the offer to the Investor. Each investor should therefore enquire whether the Offeror is so authorised by the Issuer. If the Offeror is not authorised by the Issuer, the 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 Investor is in 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 (defined herein) is not contained in the Prospectus and the applicable Final Terms, it will be the responsibility of the relevant Offeror at the time of such offer to provide the Investor with such information.**

An Investor intending to acquire or acquiring any Notes from an Offeror will do so, and offers and sales of the Notes to an Investor by an Offeror will be made, in accordance with any terms and other arrangements in place between such Offeror and such Investor including as to price, allocations and settlement arrangements. The Issuer will not be a party to any such arrangements with Investors (other than the Dealer(s) or Manager(s) (as the case may be)), in connection with the offer or sale of the Notes and, accordingly, this Prospectus and any Final Terms will not contain such information. The Investor must look to the Offeror at the time of such offer for the provision of such information. The Issuer has no responsibility to an Investor in respect of such information.

See the section entitled "Risk Factors" herein for a discussion of certain risks that should be considered in connection with an investment in the Notes.

*Arrangers for the Programme*

**Barclays**

**Scotiabank**

*Dealers*

**Barclays**

**BNP PARIBAS**

**BofA Merrill Lynch**

**Citigroup**

**Deutsche Bank**

**Goldman Sachs International**

**HSBC**

**J.P. Morgan**

**Morgan Stanley**

**Scotiabank**

**The Royal Bank of Scotland**

**UBS Investment Bank**

**Wells Fargo Securities**

**This Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the “Prospectus Directive”) and for the purpose of giving information with regard to the Issuer which, according to the particular nature of the Issuer and the Notes, is necessary to enable Investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.**

Application has been made to the United Kingdom Financial Services Authority (the “FSA” or the “UK Listing Authority”) in its capacity as competent authority under FSMA for Notes issued under the Programme during the period of 12 months from the date of this Prospectus to be admitted to the official list maintained by the UK Listing Authority (the “Official List”) and to the London Stock Exchange plc (the “London Stock Exchange”) for such Notes to be admitted to trading on the London Stock Exchange’s Regulated Market (the “Market”). References in this Prospectus to Notes being “listed” (and all related references) shall mean that such Notes have been admitted to trading on the Market and have been admitted to the Official List. The Market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC (“MiFID”). Notes may be listed or admitted to trading, as the case may be, on any other market of the London Stock Exchange or other stock exchanges or markets as may be agreed between the relevant Dealer and the Issuer. However, Notes may be issued pursuant to the Programme which will not be listed on the Official List and admitted to trading on the Market or any other stock exchange or market. The applicable Final Terms (as defined in “Issue of Notes” below) in respect of each issue of Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the Market or any other market of the London Stock Exchange or other stock exchange or market.

Each issue of Notes will be issued on the terms set out herein which are relevant to such Notes under “Terms and Conditions of the Notes” on pages 50 to 72. The Bank may issue Notes that are Index Linked Notes, Equity Linked Notes, Commodity Linked Notes, Fund Linked Notes, Credit Linked Notes or any combination of the foregoing, which will be issued on the additional Terms and Conditions on pages 153 to 262. The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplement to the Prospectus, if appropriate, or drawdown prospectus will be made available which will describe the effect of the agreement reached in relation to such Notes.

Notice of the aggregate principal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined in “Issue of Notes” below) of Notes, together with certain other information required by the Prospectus Directive will be set forth in the applicable Final Terms which, with respect to the Notes to be admitted to the Official List and admitted to trading on the Market, will be delivered to the UK Listing Authority and the London Stock Exchange on or before the date of issue of such Notes.

The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EU) No 1060/2009 (as amended) (the “CRA Regulation”) will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU credit rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

Please also refer to “*Credit ratings might not reflect all risks*” in the “Risk Factors” section of this Prospectus.

Each of Moody’s Investors Service, Inc. (“Moody’s”), Standard & Poor’s Financial Services LLC (“S&P”), Fitch, Inc. (“Fitch”) and DBRS Limited (“DBRS”) has provided issuer ratings for the Bank as specified on page 15 of the Bank’s Annual Information Form (as defined in the section entitled “Documents Incorporated by Reference”) incorporated by reference in this Prospectus and as set out in the “The Bank of Nova Scotia” section of this Prospectus.

None of S&P, Moody’s, Fitch or DBRS (the “non-EU CRAs”) is established in the European Union or has applied for registration under the CRA Regulation. The ratings have been endorsed by each of Standard and Poor’s Credit Market Services Europe Ltd., Moody’s Investors Service Ltd., DBRS Ratings Limited and Fitch Ratings Limited (the “EU CRAs”), as applicable, which are affiliates of S&P, Moody’s, Fitch and DBRS, respectively, in accordance with the CRA Regulation. Each EU CRA is established in the European Union and registered under the CRA Regulation. As such each EU CRA is included in the list of credit rating agencies published by the European Securities and Markets Authority (the “ESMA”) on its website in accordance with the CRA Regulation. The ESMA has indicated that ratings issued in Canada which have been endorsed by an EU CRA may be used in the EU by the relevant market participants.

Copies of the Final Terms for Notes that are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be published on the website of the Regulatory News Service

operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> under the name of the Issuer and the headline “Publication of Prospectus”, and will be available without charge from the principal office of the Issuer and the specified offices of the Paying Agent, Registrar and Transfer Agent, as set out at the end of this Prospectus.

This Prospectus is to be read in conjunction with any supplementary prospectus (a “Supplementary Prospectus”) to this prospectus as approved by the UK Listing Authority from time to time and with all documents deemed to be incorporated herein or therein by reference (see “Documents Incorporated by Reference”) and, in relation to any Tranche or Series of Notes, should be read and constituted together with any applicable Final Terms. Any reference herein to “Prospectus” means this document together with the documents incorporated by reference herein and any such Supplementary Prospectus and the documents incorporated by reference therein.

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

The previous paragraph should be read in conjunction with the third and fourth paragraphs on the cover page of this Prospectus.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Prospectus in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealers or the Managers, and the persons named in or identifiable following the applicable Final Terms as the Financial Intermediaries, as the case may be.

The applicable Final Terms will (if applicable) specify the nature of the responsibility taken by the Bank for the information relating to any Reference Item (as defined herein) or basis of reference to which relevant Notes relate and which is contained in such Final Terms.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in, or not consistent with, this Prospectus, any supplement hereto, any information incorporated by reference herein or therein or any other information supplied in connection with the Programme or the Notes and, in respect of each Tranche of Notes, the applicable Final Terms, in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers (as defined in “Plan of Distribution”). Neither the delivery of this Prospectus or any Final Terms nor the offering, sale or delivery of any Notes made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this document has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this document has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Dealers expressly do not undertake to any Investor or prospective Investor or purchaser to review the financial conditions or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

Each Tranche of Bearer Notes (as defined in “Overview of the Programme — Form of Notes” below) will initially be represented by a temporary global note (each a “temporary Global Note”) or a permanent global note (each a “permanent Global Note” and together with a temporary Global Note, collectively referred to as “Global Notes”) which will (i) if the Global Notes are intended to be issued in the new global note (“NGN”) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the “Common Safekeeper”) for Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream, Luxembourg”); and (ii) if the Global Notes are not intended to be issued in NGN form, as stated in the applicable Final Terms, be delivered on or prior to the issue date thereof to a common depository on behalf of Euroclear and/or Clearstream, Luxembourg or a depository on behalf of any other agreed clearing system as further described in the “Form of Notes” herein. Interests in temporary Global Notes will be exchangeable for interests in permanent Global Notes or, if so stated in the applicable Final Terms, for definitive Bearer Notes after the date falling 40 days after the issue date upon certification as to non-U.S. beneficial ownership or for definitive Registered Notes (as defined in “Overview of the Programme — Form of Notes” below) at any time after the issue date. Interests in permanent Global Notes will be exchangeable for definitive Bearer Notes or definitive Registered Notes as described under “Summary of Provisions Relating to the Notes while in Global Form”. In the case of Subordinated Notes, an interest in a temporary Global Note may not be exchanged for an interest in a permanent Global Note or, if so stated in the applicable Final Terms, for definitive Notes until after the day falling 40 days after the issue date.

Registered Notes will be represented by Note certificates (each a “Certificate”), one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series (as defined in “Issue of Notes” below). Registered Notes which are held in Euroclear and/or Clearstream, Luxembourg or such other clearing system as may be agreed to between the Issuer, the relevant Dealer, the Fiscal Agent and the Registrar (if applicable), will be registered in the name of nominees for Euroclear and/or Clearstream, Luxembourg (or such other clearing system as may be agreed to between the Issuer, the relevant Dealer, the Fiscal Agent and the Registrar (if applicable)), or a common nominee for both, and the relative

Certificate(s) will be delivered to the appropriate depository or, as the case may be, a common depository. References in this Prospectus to "Global Certificates" are to Certificates issued in respect of Registered Notes which are registered in the name of nominees or a common nominee for Euroclear and/or Clearstream, Luxembourg (or such other clearing system as may be agreed to between the Issuer, the relevant Dealer, the Fiscal Agent and the Registrar (if applicable)).

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. The Issuer and the Dealers do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom), Japan and Canada, see "Plan of Distribution". The Notes and, in certain cases, the Entitlement (as defined herein) have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any State or other jurisdiction of the United States and include Notes in bearer form that are subject to U.S. tax law requirements. The Notes may not be offered, sold or delivered, directly or indirectly, within the United States, its territories or possessions or to, or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act) unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. The Notes may not be offered, sold or delivered, directly or indirectly, in Canada, or to or for the benefit of, residents of Canada in contravention of the securities laws of Canada or any province or territory thereof. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Prospectus, see "Plan of Distribution".

In the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum denomination shall not be less than €1,000 (or its equivalent in any other currency as at the date of issue of the Notes).

This Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area 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 Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Prospectus as completed by the applicable Final Terms may only do so (i) 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, or (ii) if a prospectus for such offer 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 and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by Final Terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State, such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or Final Terms, as applicable and the Issuer has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

Notes (including Subordinated Notes) issued by the Issuer do not evidence or constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act*.

None of this Prospectus, any supplement hereto, any information incorporated by reference herein or therein and, in respect to each Tranche of Notes, the applicable Final Terms constitutes an offer of, or an invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any Notes or are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or the Dealers that any recipient of this Prospectus or any Final Terms should subscribe for or purchase any Note. Each recipient of this Prospectus or any Final Terms shall be taken to have made its own independent investigation and appraisal of the condition (financial or otherwise) of the Issuer and the terms of the relevant Notes including the merits and risks involved.

The Dealers have not independently verified the information contained herein. None of the Dealers makes any representation, warranty, or undertaking, express or implied, or accepts any responsibility or liability, with respect to the

accuracy or completeness of any of the information in this Prospectus or incorporated by reference herein. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or the Dealers that any recipient of this Prospectus, any supplement hereto, any information incorporated by reference herein or therein and in respect to each Tranche of Notes, the applicable Final Terms, should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and the applicable Final Terms and its purchase of Notes should be based upon such investigation as it deems necessary. Each potential purchaser contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes. Potential purchasers cannot rely, and are not entitled to rely, on the Dealers in connection with their investigation of the accuracy of any information or their decision whether to purchase or invest in the Notes. None of the Dealers undertakes to advise any Investor or potential Investor in or purchaser of the Notes of any information coming to the attention of any of the Dealers. The Dealers accept no liability in relation to any information contained herein or incorporated by reference herein or any other information provided by the Issuer in connection with the Notes, except for any liability arising from or in respect of any applicable law or regulation.

**In connection with the issue of any Tranche of Notes under the Programme, the Dealer or Dealers (if any) named as Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of such Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with applicable laws and rules.**

Each potential Investor in the Notes must determine the suitability of that investment in light of the potential Investor's own circumstances. In particular, each potential Investor may wish to consider whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement or any applicable Final Terms;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on the potential Investor's overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the currency in which the potential Investor's financial activities are denominated principally;
- (iv) understands thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect the potential Investor's investment and its ability to bear the applicable risks.

In addition an investment in Index Linked Notes, Equity Linked Notes, Fund Linked Notes, Commodity Linked Notes, Credit Linked Notes (each as defined below) or other Reference Item Linked Notes may entail significant risks not associated with investments in conventional securities such as debt or equity securities, including but not limited to, the risks set out in "Risks related to the structure of a particular issue of Notes" set out below.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential Investor should not invest in Notes which are complex financial instruments unless it considers that it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effect on the value of the Notes and the impact this investment will have on the potential Investor's overall investment portfolio.

#### *Legal investment considerations may restrict certain investments*

The investment activities of certain Investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential Investor should consult its legal advisers to determine whether and to what extent (i)

Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing, and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to “U.S.\$” and to “U.S. dollars” are to the currency of the United States of America, to “\$”, “Canadian Dollars” and “dollars” are to the currency of Canada, to “euro” and “€” are to the lawful currency of the member states of the European Union that participate in the single currency in accordance with the EC Treaty, to “Japanese yen”, “yen” and “¥” are to the currency of Japan and references to “Sterling” and “£” are to the currency of the United Kingdom.

In this Prospectus, references to the “European Economic Area” or “EEA” are to the Member States of the European Union together with Iceland, Norway and Liechtenstein.

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## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and as of the date of this Prospectus have been filed with the UK Listing Authority shall be deemed to be incorporated in, and to form part of, this Prospectus:

(1) the Bank's comparative unaudited interim consolidated financial statements for the three and six month periods ended April 30, 2012 prepared in accordance with the International Financial Reporting Standards ("IFRS"), together with management's discussion and analysis for the three and six month periods ended April 30, 2012, set out on pages 3 to 94 of the Bank's 2012 Second Quarter Report to Shareholders;

(2) the Bank's comparative unaudited interim consolidated financial statements for the three month period ended January 31, 2012 prepared in accordance with IFRS, together with management's discussion and analysis for the three month period ended January 31, 2012, set out on pages 3 and 5 through 86 of the Bank's 2012 First Quarter Report to Shareholders;

(3) the Bank's Annual Information Form dated December 2, 2011 for the year ended October 31, 2011 excluding all information incorporated therein by reference;

(4) the Bank's audited consolidated financial statements as at and for the years ended October 31, 2011 and October 31, 2010, prepared in accordance with Part V of the Handbook of the Canadian Institute of Chartered Accountants – Pre-Changeover Accounting Standards ("Canadian GAAP") together with the auditors' report thereon and Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended October 31, 2011, all as set out on pages 24 to 173 of the Bank's Annual Report for the year ended October 31, 2011;

(5) the Bank's Material Change Report dated May 24, 2012 and December 12, 2011, filed with the Ontario Securities Commission; and

(6) the sections entitled "Terms and Conditions of the Notes" set out in the Issuer's base prospectuses dated December 29, 2011, January 7, 2011, January 8, 2010, January 9, 2009, January 18, 2008 and January 26, 2007; and for the avoidance of doubt, the applicable Final Terms for a Tranche of Notes will indicate the Terms and Conditions applicable to such Tranche of Notes and, unless otherwise indicated in the applicable Final Terms, the Terms and Conditions of all Notes issued after the date hereof shall be those set out in this Prospectus,

provided that any statement contained in a document all or the relative portion of which is incorporated by reference shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein or in any supplement hereto, including any document incorporated therein by reference, modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Information, documents or statements expressed to be incorporated by reference into or form part of the documents noted above shall not form part of the base prospectus approved by the UK Listing Authority for the purposes of the Prospectus Directive. Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Prospectus.

Copies of this Prospectus and the documents incorporated by reference in this Prospectus can be obtained on written request and without charge from the principal executive offices of the Bank from the Executive Vice-President, General Counsel and Secretary, The Bank of Nova Scotia, Scotia Plaza, 44 King Street West, Toronto, Ontario M5H 1H1, Canada, Telephone: +1 (416) 866-3672 and from the offices of the Paying Agent, Registrar and Transfer Agent, The Bank of Nova Scotia, London Branch, 201 Bishopsgate, 6<sup>th</sup> Floor, London EC2M 3NS, United Kingdom; Telephone: +44 (0)20 7638 5644 and may also be viewed on the website of the Regulatory News Service operated by the London Stock Exchange at

<http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> under the name of the Issuer.

The historical financial statements of the Bank (other than the Bank's unaudited interim consolidated financial statements for the three and six month periods ended April 30, 2012 and for the three month period ended January 31, 2012) incorporated by reference or otherwise contained in this Prospectus have been prepared in accordance with Canadian GAAP. Accordingly, such financial statements are not comparable to the audited financial statements of companies using IFRS. A reconciliation of Canadian GAAP and IFRS will not be provided. The financial statements of the Bank incorporated by reference in this Prospectus (other than the Bank's unaudited interim consolidated financial statements for the three and six month periods ended April 30, 2012 and for the three month period ended January 31, 2012) have not been prepared in accordance with the international accounting standards adopted pursuant to the procedure of Article 3 of Regulation (EC) No. 1606/2002 of the European Parliament and the Council of the European Union. The Bank has adopted IFRS for interim and annual periods commencing November 1, 2011, and the Bank's unaudited interim consolidated financial statements for the three and six month periods ended April 30, 2012 incorporated herein by reference are prepared in accordance with IFRS.

### **ISSUE OF NOTES**

Notes issued by the Issuer will be issued on a continuous basis in series (each a "Series") having one or more issue dates. All Notes of the same Series shall have identical terms (or identical other than in respect of the issue date, the issue price and the first payment of interest), it being intended that each Note of a Series will be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "Tranche") on different issue dates and at different issue prices. The specific terms of each Tranche will be set forth in the applicable final terms to this Prospectus (each "Final Terms"). The Final Terms relating to each Tranche of Notes will be in, or substantially in, the form attached either as Schedule A or Schedule B to this Prospectus.

### **SUPPLEMENTARY PROSPECTUSES**

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus (as amended and supplemented by any prior Supplementary Prospectus) which is capable of affecting the assessment of any Notes, prepare or procure the preparation of a Supplementary Prospectus which shall amend and/or supplement this Prospectus (as amended and supplemented from time to time) or publish a new Prospectus in compliance with Section 87G of the FSMA prior to completing any subsequent offering by the Issuer of Notes to be listed on the Regulated Market.

If the Terms and Conditions of the Notes (as set out in this Prospectus, as amended and supplemented from time to time) are modified or amended in a manner which would make this Prospectus (as amended and supplemented from time to time) inaccurate or misleading, a further Prospectus will be prepared to the extent required by law.

### **FINAL TERMS AND DRAWDOWN PROSPECTUSES**

In this section the expression "necessary information" means, in relation to any Tranche of Notes, 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 Notes. In relation to the different types of Notes which may be issued under the Programme, the Issuer has endeavoured to include in this Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Prospectus and which can only be determined at the time of an individual issue of a Tranche of a Series of Notes.

Any information relating to the Notes which is not included in this Prospectus and which is required in order to complete the necessary information in relation to a Tranche of a Series of Notes may be contained either in the relevant Final Terms, a Supplementary Prospectus (as described above) or in a

Drawdown Prospectus which may incorporate by reference various sections of this Prospectus. Such information will be contained in the relevant Final Terms unless any of such information constitutes a significant new factor relating to the information contained in this Prospectus in which case such information, together with all of the other necessary information in relation to the relevant Series of Notes, may be contained in either a Supplementary Prospectus (to be read together with the Prospectus and the applicable Final Terms) or in a Drawdown Prospectus (or may be contained in any other document in a manner permitted under the Prospectus Directive).

For a Tranche of Notes, which is the subject of Final Terms, those Final Terms will, for the purposes of that Tranche only, supplement this Prospectus and must be read in conjunction with this Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Terms and Conditions as supplemented, amended and/or replaced to the extent described in the relevant Final Terms.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Terms and Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, each reference in this Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

Each Drawdown Prospectus will be constituted either (1) by a single document containing the necessary information relating to the Issuer and the relevant Notes, or (2) by a registration document (the "Registration Document") containing the necessary information relating to the Issuer and a securities note (the "Securities Note") containing the necessary information relating to the relevant Notes, in either case which may incorporate by reference various sections of this Prospectus. In addition, if the Drawdown Prospectus is constituted by a Registration Document and a Securities Note, any significant new factor, material mistake or inaccuracy relating to the information included in the Registration Document which arises or is noted between the date of the Registration Document and the date of the Securities Note which is capable of affecting the assessment of the relevant Notes will be included in the Securities Note.

## SUMMARY OF THE PROGRAMME

*This summary must be read as an introduction to this Prospectus and is provided as an aid to investors when considering whether to invest in any Notes, but is not a substitute for the Prospectus. Any decision to invest in the Notes should be based on a consideration of this Prospectus as a whole, including the information and documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area, no civil liability will attach to the Issuer in any such Member State in respect of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Notes. Where a claim relating to the information contained in this Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Prospectus before the legal proceedings are initiated.*

*Words and expressions defined in “Terms and Conditions of the Notes” below shall have the same meanings in this summary.*

<b>Issuer:</b>	The Bank of Nova Scotia (the “Bank” or the “Issuer”)
<b>Description:</b>	Euro Medium Term Note Programme (the “Programme”)
<b>Arrangers:</b>	Barclays Bank PLC and Scotiabank Europe plc
<b>Dealers:</b>	Barclays Bank PLC, BNP PARIBAS, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities Ltd., Merrill Lynch International, Morgan Stanley & Co. International plc, Scotiabank Europe plc, The Royal Bank of Scotland plc, UBS Limited and Wells Fargo Securities International Limited.
<b>Fiscal Agent And Principal Paying Agent, Registrar and Transfer Agent, Calculation Agent:</b>	The Bank of Nova Scotia, London Branch
<b>Paying Agent and Transfer Agent:</b>	The Bank of Nova Scotia, Global Wholesale Services
<b>Size:</b>	Up to U.S.\$20,000,000,000 (or its equivalent in other currencies at the date of issue) aggregate principal amount of Notes outstanding at any one time.
<b>Risk Factors:</b>	<p>There are certain factors which may affect the Issuer’s ability to fulfil its obligations under the Notes. Economic changes, movement of the Canadian dollar, inflation and Bank of Canada monetary policy decisions, competition, changes in law, legal proceedings, failure to obtain accurate and complete information from customers and counterparties may impact the Bank’s earnings, reputation and business.</p> <p>Accounting policies and methods chosen by management, including the adoption of IFRS, could affect the Bank’s reported financial condition. Operational and infrastructure risks may lead to financial and reputational loss.</p> <p>There are certain factors which are material for the purpose of assessing the</p>

risks associated with investing in any issue of Notes. Notes may be subject to optional redemption by the Issuer. Reference Item Linked Notes, Dual Currency Notes, Index Linked Notes, Equity Linked Notes, Commodity Linked Notes, Fund Linked Notes, Credit Linked Notes, Partly Paid Notes, Variable Rate Notes, Inverse Floating Rate Notes, Fixed/Floating Rate Notes, Notes issued at a substantial discount or premium and Notes not in physical form entail significant risks and in some circumstances the value of the Notes and/or the amount paid at maturity or on redemption may be less than the purchase price amount and may be zero in which case an Investor may lose some or all of the amount it invested. The *Criminal Code (Canada)* prohibits the receipt of "interest" at an effective annual rate in excess of 60%.

There are risks relating to the Notes generally, including modifications and waivers, tax treatment, FATCA, legislation affecting dividend equivalent payments, delisting of Notes, obligations under Subordinated Notes, governing law of any insolvency proceedings, law and regulatory changes, European Monetary Union, EU Savings Directive, general volatility in the funding markets, Eurosystem eligibility of Notes, Notes traded in integral multiples of less than €100,000 and the return on an investment in Notes will be affected by charges incurred by investors.

In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes which may impact the value of Notes, amongst other things. These risks include liquidity, exchange rates, interest rate, Dealers' interest in the Issuer and credit ratings.

See "*Risk Factors*".

- Specified Currencies:** As agreed by the Issuer and the relevant Dealers.
- Maturities:** Notes may be issued with any maturity between one month and 99 years. Unless otherwise permitted by then current laws, regulations and directives, Subordinated Notes will have a maturity of not less than five years.
- Specified Denomination:** As specified in the applicable Final Terms, provided that in the case of any Notes which are to be admitted to trading on a regulated market within the EEA or offered to the public in a Member State of the EEA, in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum denomination shall be €1,000 (or the equivalent of such amounts in another currency as at the date of issue of the Notes), save that the minimum denomination of each Note will in each case comply with all applicable legal, regulatory and central bank requirements.
- Method of Issue:** Syndicated or non-syndicated basis. Notes issued by the Issuer will be issued in one or more Series. Notes may be issued in Tranches on a continuous basis with no minimum issue size. Further Notes may be issued as part of an existing Series.
- Form of Notes:** Notes may be issued in bearer form only ("Bearer Notes"), in bearer form exchangeable for Registered Notes ("Exchangeable Bearer Notes") or in registered form only ("Registered Notes"). See "Form of Notes" herein.
- Issue Price:** Notes may be issued at their principal amount or at a discount or premium to their principal amount. If so specified in the applicable Final Terms, Partly Paid Notes may be issued, the Issue Price of which will be payable in two or

more instalments.

**Terms of Notes:**

Notes may bear interest at a fixed or floating rate or may not bear interest as specified in the applicable Final Terms.

Notes may bear interest and/or provide that the redemption amount is calculated by reference to one or more specified underlying assets or bases of reference such as indices (including equity or commodity), equities, fund shares or units, commodities or the credit of one or more underlying entities, with the exception of shares or share equivalents of the Bank or any affiliate (as defined in the *Bank Act* (Canada)) of the Bank (each such underlying asset or basis of reference, a “Reference Item” and any Reference Item linked Notes, “Reference Item Linked Notes”); (ii) be redeemed by physical delivery (“Physical Delivery Notes”) of specified asset(s); (iii) reference any combination of the foregoing; and/or (iv) have such other terms and conditions as specified in the applicable Final Terms.

The Final Terms will indicate either that the relevant Notes may not be redeemed prior to their stated maturity (other than in specified instalments, (if applicable), for taxation reasons, following an Event of Default and acceleration of the Notes, or (if applicable) following an Additional Disruption Event), or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders.

If specified in the applicable Final Terms, the Bank may have the right to vary the means of settlement.

**Physical Delivery Notes:**

In order to receive the relevant asset(s), a Noteholder must deliver an Asset Transfer Notice on or prior to a specified cut-off time and pay all taxes, duties and/or expenses arising from delivery. For certain Reference Item Linked Notes, if certain disruption events occur on settlement, the relevant settlement date may be postponed and in certain circumstances the Issuer will be entitled to make payment of a cash amount in lieu of physical delivery.

**Fixed Interest Rate Notes:**

Fixed interest will be payable in arrear on the date or dates in each year specified in the applicable Final Terms.

**Floating Rate Notes:**

Floating Rate Notes will bear interest set separately for each Series by reference to the benchmark rate specified in the applicable Final Terms, as adjusted for any applicable margin. Interest periods will be specified in the applicable Final Terms.

**Zero Coupon Notes:**

Zero Coupon Notes may be issued at their principal amount or at a discount to it.

**Variable Coupon Amount Notes:**

The Final Terms issued in respect of each issue of variable coupon amount Notes will specify the basis for calculating the amounts of interest payable, which may be by reference to a stock index or formula or as otherwise provided in the applicable Final Terms.

**Interest Periods and Interest Rates:**

The length of the interest periods and the applicable interest rate or its method of calculation may differ from time to time or be constant. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the applicable Final Terms.

**Redemption by**

The Final Terms issued in respect of each issue of Notes which are redeemable in two or more instalments will set out the dates on which, and

<b>Instalments:</b>	the amounts in which, such Notes may be redeemed and the other terms applicable to such redemption.
<b>Other Notes:</b>	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, dual currency Notes, reverse dual currency Notes, optional dual currency Notes, Partly Paid Notes, and any other type of Note which the Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the applicable Final Terms.
<b>Optional Redemption:</b>	<p>The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.</p> <p>As at the date hereof, Subordinated Notes may only be redeemed at the option of the Bank with the prior approval of the Superintendent of Financial Institutions (Canada).</p>
<b>Settlement:</b>	<p>Settlement may be by payment in cash or by physical settlement (subject to satisfaction of all applicable conditions to settlement, including payment or deduction of taxes and Expenses).</p> <p>Settlement Amounts and Entitlements may be adjusted for costs, losses and expenses incurred (or expected to be incurred) by or on behalf of the Issuer in connection with the redemption or cancellation of Notes. The Issuer or the Holder may have the option to elect for cash or physical settlement if specified in the Final Terms.</p>
<b>Redemption of Notes:</b>	Unless otherwise redeemed in accordance with their terms, Notes will be redeemed at maturity at their Final Redemption Amount, the relevant Cash Settlement Amount or by delivery of the Entitlement, as applicable.
<b>Consequences of an Additional Disruption Event:</b>	The Conditions of Notes may be adjusted and/or Notes may be redeemed early at their Early Redemption Amount.
<b>Consequences of a Settlement Disruption Event:</b>	Delivery of an Entitlement may be postponed until a date that there is no Settlement Disruption Event subsisting or the Bank may elect to pay the Holder the Cash Disruption Settlement Price in full satisfaction of its obligations under the Notes.
<b>Negative Pledge:</b>	None.
<b>Cross-default:</b>	None.
<b>Early Redemption:</b>	Except as provided in “Optional Redemption” above or in “Reference Item Linked Notes” below, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons as described in “Terms and Conditions of the Notes — Redemption, Purchase and Options — Redemption for taxation reasons”.
<b>Withholding Tax:</b>	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of Canada, or any province or territory thereof and of the country in which the branch of account for Deposit Notes is located subject to certain exceptions, all as described in “Terms and Conditions of the Notes — Taxation”.

All payments in respect of the Notes will be made subject to any withholding or deduction required pursuant to section 871(m) of U.S. Internal Revenue Code or FATCA, as described in "Terms and Conditions of the Notes – Payments and Talons – Payments Subject to Fiscal and Other Laws". No additional amounts will be paid in respect of such withholding or deduction.

**Governing Law:** The laws of the Province of Ontario and the laws of Canada applicable therein.

**Listing:** Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market.

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

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

**Selling Restrictions:** See "Plan of Distribution".

**Protection Amount:** In respect of a Series of Reference Item Linked Notes to which a Protection Amount is specified in the applicable Final Terms, the Final Redemption Amount or Cash Settlement Amount, as the case may be, will in no circumstances be paid at the stated Maturity Date, redemption date or settlement date (as applicable) at less than the specified percentage of the principal amount of such Note.

**Illegality:** In the event that the Issuer determines in good faith that the performance of the Issuer's obligations under a Series or that any arrangements made to hedge the Issuer's obligations under such Series has or will become unlawful, illegal, or otherwise prohibited in whole or in part, the Issuer may, having given notice to Holders, redeem or cancel (as applicable) all, but not some only, of the Notes of such Series.

**Index Linked Notes:** Amounts payable in respect of Index Linked Notes will be calculated by reference to one or more Indices. The Index may reference or comprise reference equities, bonds, property, currency exchange rates or other assets or bases of reference.

If certain disruption events occur with respect to valuation of an Index such valuation will be postponed and may be made by the Calculation Agent. Payments may also be postponed.

**Equity Linked Notes:** Amounts payable in respect of Equity Linked Notes will be calculated by reference to a single equity or basket of equities. Equity Linked Notes may also provide for settlement by physical delivery of a specified amount of equities of one or more issuers, subject to payment any sums payable.

If certain disruption events occur with respect to valuation of an Equity, such valuation will be postponed and may be made by the Calculation Agent. Payments may also be postponed.

**Commodity Linked** Amounts payable in respect of Commodity Linked Notes will be calculated by reference to a single commodity and/or commodity index or basket of



**Notes:** commodities and/or commodity indices.

Commodity Linked Notes may also provide for settlement by physical delivery of a specified amount of commodities, subject to payment of any sums payable.

**Fund Linked Notes:** Amounts payable in respect of Fund Linked Notes will be calculated by reference to units, interests or shares in a single Fund or basket of Funds. Fund Linked Notes may also provide for settlement by physical delivery of a specified amount of units, interests or shares of one or more Funds, subject to payment of any sums payable.

If certain disruption events occur with respect to the valuation of a Fund Share in respect of an Exchange Traded Fund, such valuation may be postponed and may be made by the Calculation Agent. Payments may also be postponed.

**Credit Linked Notes:** Amounts payable and/or deliverable in respect of Credit Linked Notes will be calculated by reference to the credit of a specified entity or entities.

If the Conditions to Settlement are satisfied during the Notice Delivery Period, the Credit Linked Notes will be redeemed or cancelled, as the case may be, and the Issuer will either pay the Auction Settlement Amount or pay the Credit Event Redemption Amount or deliver the Deliverable Obligations comprising the Entitlement (as applicable).

## FORM OF NOTES

Each Tranche of Bearer Notes having an original maturity of more than one year will initially be represented by a temporary Global Note and each Tranche of Bearer Notes having an original maturity of one year or less will initially be represented by a permanent Global Note which, in each case, will (i) if the Global Notes are intended to be issued in the new global note (“NGN”) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the “Common Safekeeper”) for Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream, Luxembourg”); and (ii) if the Global Notes are not intended to be issued in NGN form, as stated in the applicable Final Terms, be delivered on or prior to the issue date thereof to a common depository on behalf of Euroclear and/or Clearstream, Luxembourg or any other agreed clearing system as further described in the “Form of Notes” herein. No interest will be payable in respect of a temporary Global Note except as described under “Summary of Provisions Relating to the Notes while in Global Form”. Interests in temporary Global Notes will be exchangeable for interests in permanent Global Notes or, if so stated in the applicable Final Terms, for definitive Bearer Notes after the date falling not earlier than 40 days after the issue date upon certification as to non-U.S. beneficial ownership or (in the case of Exchangeable Bearer Notes) definitive Registered Notes at any time after the issue date. In the case of Subordinated Notes, an interest in a temporary Global Note may not be exchanged for an interest in a permanent Global Note or, if so stated in the applicable Final Terms, for definitive Notes, until after the day falling 40 days after the issue date. Interests in permanent Global Notes will be exchangeable for definitive Bearer Notes or (in the case of Exchangeable Bearer Notes) definitive Registered Notes, if so indicated in the applicable Final Terms, as described under “Summary of Provisions Relating to the Notes while in Global Form”. Registered Notes will be represented by Note certificates (each a “Certificate”), one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Registered Notes which are held in Euroclear and/or Clearstream, Luxembourg or any other agreed clearing system will be registered in the name of nominees for Euroclear and/or Clearstream, Luxembourg or such other agreed clearing system, or a common nominee for all such clearing systems, and the relative Certificate(s) will be delivered to the appropriate depository or, as the case may be, a common depository. For Notes issued in bearer form after March 18, 2012, the Final Terms shall specify any requirements applicable to such Notes to qualify such Notes as “foreign targeted obligations” that will be exempt from Code (as defined below) Section 4701 excise tax as amended by the HIRE Act (as defined below).

Bearer Notes will be issued in compliance with U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) (the “TEFRA D Rules”) unless (i) the applicable Final Terms state that the Bearer Notes are issued in compliance with U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) (the “TEFRA C Rules”) or (ii) the Bearer Notes are issued other than in compliance with the TEFRA D Rules or the TEFRA C Rules but in circumstances in which the Bearer Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the applicable Final Terms as a transfer to which TEFRA is not applicable.

Notes will be issued in compliance with subsection 240(2) of the Income Tax Act (Canada). Under that provision, where a right to interest on a debt obligation is evidenced by a coupon or other writing that does not form part of, or is capable of being detached from, the evidence of indebtedness, the coupon or other writing is to be marked or identified in prescribed manner by the letters "AX" in the case of a "taxable obligation" (as defined) or the letter "F" in the case of a "non-taxable obligation" (as defined).

## RISK FACTORS

THE ISSUER BELIEVES THAT THE FOLLOWING FACTORS MAY AFFECT ITS ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME. ALL OF THESE FACTORS ARE CONTINGENCIES WHICH MAY OR MAY NOT OCCUR AND THE ISSUER IS NOT IN A POSITION TO EXPRESS A VIEW ON THE LIKELIHOOD OF ANY SUCH CONTINGENCY OCCURRING. IN ADDITION, FACTORS, ALTHOUGH NOT EXHAUSTIVE, WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME ARE ALSO DESCRIBED BELOW.

THE ISSUER BELIEVES THAT THE FACTORS DESCRIBED BELOW REPRESENT THE PRINCIPAL RISKS INHERENT IN INVESTING IN NOTES ISSUED UNDER THE PROGRAMME, BUT THE INABILITY OF THE ISSUER TO PAY INTEREST, PRINCIPAL OR OTHER AMOUNTS ON OR IN CONNECTION WITH ANY NOTES MAY OCCUR FOR OTHER REASONS WHICH MAY NOT BE CONSIDERED SIGNIFICANT RISKS BY THE ISSUER BASED ON INFORMATION CURRENTLY AVAILABLE TO IT OR WHICH IT MAY NOT CURRENTLY BE ABLE TO ANTICIPATE AND THE ISSUER DOES NOT REPRESENT THAT THE STATEMENTS BELOW REGARDING THE RISKS OF HOLDING ANY NOTES ARE EXHAUSTIVE. PROSPECTIVE INVESTORS SHOULD ALSO READ THE DETAILED INFORMATION SET OUT ELSEWHERE IN THIS PROSPECTUS AND REACH THEIR OWN VIEWS PRIOR TO MAKING ANY INVESTMENT DECISION.

THE RISKS DESCRIBED BELOW ARE NOT THE ONLY RISKS THE ISSUER FACES. ADDITIONAL RISKS AND UNCERTAINTIES, INCLUDING THOSE NOT PRESENTLY KNOWN TO THE ISSUER, OR THOSE IT CURRENTLY BELIEVES TO BE IMMATERIAL, COULD ALSO ADVERSELY AFFECT THE ISSUER'S FINANCIAL CONDITION, RESULTS AND BUSINESS.

PROSPECTIVE INVESTORS MAY WISH TO CONSIDER CONSULTING THEIR OWN FINANCIAL AND LEGAL ADVISORS AS TO THE RISKS ENTAILED BY AN INVESTMENT IN ANY NOTES.

AN INVESTMENT IN NOTES LINKED TO ONE OR MORE REFERENCE ITEMS MAY ENTAIL SIGNIFICANT RISKS NOT ASSOCIATED WITH INVESTMENTS IN A CONVENTIONAL DEBT SECURITY, INCLUDING BUT NOT LIMITED TO THE RISKS SET OUT BELOW. THE AMOUNT PAID BY THE ISSUER ON REDEMPTION OR SETTLEMENT OF THE NOTES MAY BE LESS THAN THE PURCHASE PRICE OF THE NOTES, TOGETHER WITH ANY ACCRUED INTEREST, AND MAY IN CERTAIN CIRCUMSTANCES BE ZERO. WHERE THE NOTES ARE REDEEMED OR SETTLED BY THE ISSUER BY DELIVERY OF REFERENCE ITEM(S) THE VALUE OF THE REFERENCE ITEM(S) MAY BE LESS THAN THE PURCHASE PRICE OF THE NOTES, TOGETHER WITH ANY ACCRUED INTEREST, AND MAY IN CERTAIN CIRCUMSTANCES BE ZERO.

CERTAIN ISSUES OF NOTES INVOLVE A HIGH DEGREE OF RISK AND POTENTIAL INVESTORS SHOULD BE PREPARED TO SUSTAIN A LOSS OF ALL OR PART OF THEIR INVESTMENT.

**Factors that may affect the ability of the Issuer to fulfill its obligations under the Notes issued under the Programme:**

### ***Industry and non-company factors***

*As a Canadian-based international financial services company, the Issuer's revenues and earnings are affected by the general economic conditions in each of the countries in which the Issuer conducts business.*

Factors such as interest rates, foreign exchange rates, consumer spending, business investment, government spending, the health of the capital markets, inflation and terrorism impact the business and

economic environments in which the Issuer operates and, ultimately, the amount of business the Issuer conducts in a specific geographic region.

*The movement of the Canadian dollar relative to other currencies may affect the Issuer's revenues, expenses and earnings.*

The Bank's revenues, expenses and income denominated in currencies other than the Canadian dollar are subject to fluctuations in the movement of the Canadian dollar relative to such currencies. Such fluctuations may affect the Bank's overall business and financial results.

*The Issuer's earnings are affected by the monetary policies of the Bank of Canada.*

Bond and money market expectations about inflation and central bank monetary policy decisions are beyond the Bank's control, are difficult to predict or anticipate and have an impact on the level of interest rates, fluctuation of which can have an impact on the Bank's earnings.

*The Issuer's performance can be influenced by the degree of competition in the markets in which it operates.*

The competition for customers among financial services companies in the consumer and business markets in which the Issuer operates is intense. Competition for market share is dependent upon a number of factors, including service levels, product pricing and attributes, the Issuer's reputation and actions of competitors. Competition from non-financial companies could also reduce fee revenues and adversely affect the Issuer's earnings.

*Changes in the statutes, regulations and regulatory policies that govern activities in the Issuer's various business lines could affect the Issuer's results.*

Regulations are in place to protect the financial and other interests of the Issuer's clients. Changes to statutes, regulations or regulatory policies, including changes in the interpretation, implementation or enforcement of statutes, regulations or regulatory policies, could adversely affect the Issuer by increasing the ability of competitors to compete with the products and services the Issuer provides and increasing the Issuer's cost of compliance. In addition, the Issuer's failure to comply with applicable statutes, regulations or regulatory policies could result in sanctions and financial penalties by regulatory agencies that could adversely impact the Issuer's reputation and earnings.

*Judicial or regulatory judgments and legal proceedings against the Issuer may adversely affect the Issuer's results.*

Although the Issuer takes what it believes to be reasonable measures designed to ensure compliance with governing statutes, laws, regulations and regulatory policies in the jurisdictions in which it conducts business, there is no assurance that the Issuer will always be in compliance or deemed to be in compliance. Accordingly, it is possible that the Issuer could receive a judicial or regulatory judgment or decision that results in fines, damages and other costs that would damage its reputation and have a negative impact on the Issuer's earnings. The Issuer is also subject to litigation arising in the ordinary course of its business. The adverse resolution of any litigation could have a material adverse effect on the Issuer's results or could give rise to significant reputational damage, which could impact the Issuer's future business prospects.

*Failure to obtain accurate and complete information from or on behalf of the Issuer's customers and counterparties could adversely affect the Issuer's results.*

When deciding to extend credit or enter into other transactions with customers and counterparties, the Issuer may rely on information provided to it by or on behalf of customers and counterparties, including audited financial statements and other financial information. The Issuer also may rely on representations of customers and counterparties as to the completeness and accuracy of the information. The Issuer's financial results could be adversely impacted if the financial statements and other financial

information relating to customers and counterparties on which it relies do not comply with the relevant generally accepted accounting practices or are materially misleading.

### ***Issuer specific factors***

*Certain accounting standards allow the Bank's management to choose the accounting policies and methods for reporting the Bank's financial condition and results of operations. The policies and methods chosen may require management to make estimates or rely on assumptions that impact the reported results. Subsequent to reporting, such estimates and assumptions may require revision, which may materially adversely affect the Bank's results of operations and financial condition.*

Commencing November 1, 2011, the Bank's financial condition and results of operations for interim and annual reports are being reported using accounting policies and methods prescribed by IFRS. For previous years, the Bank's financial condition and results of operations have been reported using accounting policies and methods prescribed by Part V of the Handbook of the Canadian Institute of Chartered Accountants – Pre-Changeover Accounting Standards ("Canadian GAAP"). In certain cases, Canadian GAAP allows accounting policies and methods to be selected from two or more alternatives, any of which might be reasonable, yet result in the Bank reporting materially different amounts. Management exercises judgment in selecting and applying the Bank's accounting policies and methods to ensure that, while Canadian GAAP compliant, they reflect the Bank's best judgment of the most appropriate manner in which to record and report the Bank's financial condition and results of operations. Significant accounting policies to the consolidated financial statements are described in Note 1 on pages 117 to 122 of the Bank's 2011 Annual Report which pages are contained in the section of the 2011 Annual Report incorporated herein by reference.

As detailed in the section entitled "Critical Accounting Estimates" on pages 78 to 82 of the Bank's 2011 Annual Report, which pages are contained in the section of the 2011 Annual Report incorporated herein by reference, eight accounting policies have been identified as being "critical" to the presentation of the Bank's financial condition and results of operations as they (i) require management to make particularly subjective and/or complex judgments about matters that are inherently uncertain and (ii) carry the likelihood that materially different amounts could be reported under different conditions or using different assumptions and estimates. The reporting of such materially different amounts could materially and adversely affect the Bank's results of operations or reported financial condition. These critical accounting policies and estimates relate to the determination of the Bank's allowance for credit losses, the determination of the fair value of financial instruments and other-than-temporary impairment of available for sale securities, the cost of pensions and other employee future benefits, the provision for corporate income taxes, whether or not variable interest entities should be consolidated, assessment of impairment of goodwill and accruals for contingent liabilities.

### ***Impact of changes to accounting standards***

The Bank has adopted IFRS for interim and annual reports as of November 1, 2011. The adoption of IFRS may impact the Bank's accounting policies and financial reporting due to recognition and measurement differences between IFRS and Canadian GAAP, which could in turn impact the Bank's reported financial condition and results of operations. Additional disclosure regarding the adoption of IFRS is described on pages 83 and following in Management's Discussion and Analyses of Financial Condition and Results of Operations for the year ended October 31, 2011 of the Bank's Annual Report for the year ended October 31, 2011 and pages 122 to 124 of the Bank's audited consolidated financial statements as at and for the year ended October 31, 2011.

*As a large organisation, the Issuer is exposed to operational and infrastructure risks.*

Similar to all large organisations, the Issuer is exposed to many types of operational risk, including the risk of fraud by employees or outsiders, unauthorized transactions by employees, or operational errors, including clerical or record keeping errors or errors resulting from faulty or disabled computer or telecommunications systems. Given the high volume of transactions the Issuer processes on a daily basis, certain errors may be repeated or compounded before they are discovered and successfully rectified. Shortcomings or failures in the Issuer's internal processes, people or systems, including any of

the Issuer's financial, accounting or other data processing systems, could lead to, among other consequences, financial loss and reputational damage. In addition, despite the contingency plans the Issuer has in place, the Issuer's ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports the Issuer's businesses and the communities in which it is located. This may include a disruption involving electrical, communications, transportation or other services used by the Issuer or third parties with which the Issuer conducts business.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that the Issuer will be unable to comply with its obligations as a company with securities admitted to the Official List or as a supervised firm regulated by the Financial Services Authority.

### ***Other factors***

Other factors that may affect future results include amendments to, and interpretations of risk-based capital guidelines and reporting instructions, the effect of changes to accounting standards, rules and interpretations, changes in the Issuer's estimates of reserves and allowances, changes in tax laws, political conditions and developments, the possible effect on the Issuer's business of international conflicts and the war on terror, natural disasters, public health emergencies, disruptions in public infrastructure and other catastrophic events, technological changes, changes in markets rates and prices which may adversely affect the value of financial products, changes in client spending habits, the failure of third parties to comply with their obligations to the Issuer's and its affiliates and the Issuer's ability to anticipate and manage the risks associated with all of the above factors.

### **Factors that are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

Each of the risks highlighted below could adversely affect the trading price of any Notes or the rights of Investors under any Notes and, as a result, Investors could lose some or all of their investment. The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer may be unable to pay or deliver amounts on or in connection with Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.

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

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential Investors. Set out below is a description of the most common such features:

#### *Notes subject to optional redemption by the Issuer*

An optional redemption feature of Notes is likely to limit their market value and could reduce secondary market liquidity. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an Investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential Investors should consider reinvestment risk in light of other investments available at that time.

#### *Reference Item Linked Notes and Dual Currency Notes*

The Bank may issue Notes that (i) bear interest and/or provide that the redemption amount is calculated by reference to one or more specified underlying assets or bases of reference such as indices (including equity or commodity), equities, fund shares or units, commodities or the credit of one or more underlying entities (each such underlying asset or basis of reference, a "Reference Item" and any

Reference Item linked Notes, “Reference Item Linked Notes”); (ii) be redeemed by physical delivery (“Physical Delivery Notes”) of specified asset(s), (iii) reference any combination of the foregoing; and/or (iv) have such other terms and conditions as specified in the applicable Final Terms. In addition the Bank may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. An investment in such Notes entails significant risks that are not associated with similar investments in a conventional debt or equity securities and in some circumstances the value of the Notes and/or the amount paid at maturity, exercise or redemption (as applicable) may be less than the purchase price amount of the Notes and may be zero in which case an Investor may lose some or all of the amount it invested in the Notes. Potential Investors should be aware that:

- (i) the market price of such Notes may be volatile and the market price of the Notes at any time is likely to be affected primarily by changes in the level of the Reference Item to which the Notes are linked. It is impossible to predict how the level of the Reference Item will vary over time;
- (ii) they may receive no interest or they may receive interest at a rate that is less than that payable on a conventional fixed rate or floating rate debt security issued at the same time;
- (iii) payment of principal, interest or other amounts may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their investment;
- (v) if the principal of and/or premium or other amount payable on such a Note is so indexed, the amount of principal and/or premium or other amount payable in respect thereof may be less than the original purchase price of such Note and less than the nominal or face amount of Notes, and the amount of principal and/or premium or other amount payable may even be zero;
- (vi) Investors should be willing to hold these Notes until the maturity date, redemption date or expiration date (as applicable) as the secondary market for such Notes may be limited or non-existent and if there is a limited secondary market then the lack of demand may reduce the market price at which Notes may be sold prior to maturity, redemption, settlement or expiration;
- (vii) the market price will be affected by a number of factors independent of the creditworthiness of the Issuer and will depend on the value of the applicable Reference Item(s) as well as the volatility of the applicable Reference Item(s), the time remaining to the maturity, redemption or expiration of such Notes, the amount outstanding of such Notes, market interest rates, yield rates and the market for other types of related and unrelated financial instruments, where the Reference Item(s) are equity securities, the dividend rate on the Reference Item(s) and the financial results and prospects of the issuer of each Reference Item and where Notes are Credit Linked Notes, the credit of the reference entity;
- (viii) a Reference Item may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other securities, funds or indices and may depend on a number of interrelated factors over which the Issuer has no control, including economic, financial and political events in one or more jurisdictions, including factors affecting capital markets generally and the stock exchange on which any Reference Item and/or obligation of the issuer of the Reference Item may be traded. Additionally, if the formula used to determine the amounts payable with respect to such Notes contains a multiplier or leverage factor, the effect of any change in the Reference Item(s) will be increased (or decreased if the multiplier or relevant factor is less than one) and this increase (or decrease) may be significant;
- (ix) the timing of changes in a Reference Item(s) may affect the actual yield to Investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Reference Item(s), the greater the effect on yield;

- (x) with respect to Equity Linked Notes, if such Notes are redeemable or settled (as applicable) either by payment of a cash amount or by delivery of the underlying securities in lieu thereof, there is no assurance that the value of the securities received will not be less than the purchase price of the Notes;
- (xi) Notes are of limited maturity and, unlike direct investments in a share, index, fund, security, index, commodity or other asset, Investors are not able to hold them beyond the maturity date, redemption date, settlement date or expiration date (as applicable) in the expectation of a recovery in the price of the underlying; and
- (xii) the price at which an Investor will be able to sell Notes prior to the maturity date, redemption date, settlement date or expiration date (as applicable) may be at a substantial discount to the market value of the Notes at the time they are issued depending on the performance of the Reference Item.

The historical experience of the relevant currencies, commodities, interest rates, equities, indices, funds or other financial variables should not be taken as an indication of future performance of such currencies, commodities, interest rates, equities, indices, funds or other financial variables during the term of any Note. Prospective Investors should consult their own financial and legal advisors as to the risks entailed by an investment in such Notes and the suitability of such Notes in light of their particular circumstances.

Prospective Investors in Reference Item Linked Notes should understand the risks of transactions involving such Reference Item Linked Notes and should reach an investment decision only after careful consideration, with their advisers, of the suitability of Reference Item Linked Notes in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Reference Item Linked Notes and the particular Reference Item(s) to which the value of, or payments in respect of, the relevant Reference Item Linked Notes may relate, as specified in the applicable Final Terms.

As the amount of interest payable periodically and/or amount payable at maturity, redemption or settlement (as applicable) may be linked to the performance of the Reference Item(s), an Investor in such a Reference Item Linked Note must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the Reference Item(s).

Where the applicable Final Terms specify one or more Reference Item(s), the relevant Reference Item Linked Notes will represent an investment linked to the economic performance of such Reference Item(s) and prospective Investors should note that the return (if any) on their investment in such Reference Item Linked Notes will depend upon the performance of such Reference Item(s). Potential Investors should also note that while the market value of Reference Item Linked Notes is linked to such Reference Item(s) and will be influenced (positively or negatively) by such Reference Item(s), any change may not be comparable and may be disproportionate. It is impossible to predict how the level of the relevant Reference Item(s) will vary over time. In contrast to a direct investment in the relevant Reference Item(s), Reference Item Linked Notes represent the right to receive payment or delivery, as the case may be, of the relevant cash amount and/or specified assets on the relevant maturity date, settlement date or redemption date (as applicable) as well as periodic payments of interest (if specified in the applicable Final Terms), all or some of which may be determined by reference to the performance of the relevant Reference Item(s). The applicable Final Terms will set out the provisions for the determination of any cash amount and/or specified assets and of any periodic interest.

**PROSPECTIVE INVESTORS MUST REVIEW THE APPLICABLE FINAL TERMS TO ASCERTAIN WHAT THE RELEVANT REFERENCE ITEM(S) ARE AND TO SEE HOW BOTH ANY FINAL REDEMPTION AMOUNT, CASH SETTLEMENT AMOUNT OR ENTITLEMENT, AS THE CASE MAY BE, AND ANY PERIODIC INTEREST ARE DETERMINED AND WHEN ANY SUCH AMOUNTS ARE PAYABLE AND/OR DELIVERABLE, AS THE CASE MAY BE, BEFORE MAKING ANY DECISION TO PURCHASE ANY REFERENCE ITEM LINKED NOTES.**



Fluctuations in the value and/or volatility of the relevant Reference Item(s) may affect the value of the relevant Reference Item Linked Notes. Investors in Reference Item Linked Notes may risk losing their entire investment if the value of the relevant Reference Item(s) does not move in the anticipated direction.

There is no return on Reference Item Linked Notes other than the potential payment or delivery, as the case may be, of the relevant cash amount and/or specified assets on the maturity date, redemption date or settlement date (as applicable) and payment of any periodic interest.

Other factors which may influence the market value of Reference Item Linked Notes include interest rates, potential dividend or interest payments (as applicable) in respect of the relevant Reference Item(s), changes in the method of calculating the level of the relevant Reference Item(s) from time to time and market expectations regarding the future performance of the relevant Reference Item(s), its composition and such Reference Item Linked Notes.

If any of the relevant Reference Item(s) is an index, the value of such Reference Item(s) on any day will reflect the value of its constituents on such day. Changes in the composition of such Reference Item(s) and factors (including those described above) which either affect or may affect the value of the constituents, will affect the value of such Reference Item(s) and therefore may affect the return on an investment in Reference Item Linked Notes.

The Bank may issue several issues of Reference Item Linked Notes relating to particular Reference Item(s). However, no assurance can be given that the Bank will issue any Reference Item Linked Notes other than the Reference Item Linked Notes to which the applicable Final Terms relate. At any given time, the number of Reference Item Linked Notes outstanding may be substantial. Reference Item Linked Notes provide opportunities for investment and pose risks to Investors as a result of fluctuations in the value of the Reference Item(s) to which such Reference Item Linked Notes relate.

#### *Movements in the Reference Item will affect the performance of the Notes*

Movements in the level or price of the Reference Item may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant level or price of Reference Item may affect the actual yield to Investors, even if the average level is consistent with their expectations. In general, the earlier the change in the level of an inflation index or result of a formula, the greater the effect on yield.

#### *Leverage will magnify the effect of changes in the Reference Item*

If the Final Redemption Amount, Redemption Amount, Cash Settlement Amount or Entitlement, as the case may be, and any periodic interest payments are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the level or price of the Reference Item on the Final Redemption Amount, Redemption Amount, Cash Settlement Amount, Entitlement or interest payable will be increased.

#### *Market Disruption Event and Disrupted Day*

If an issue of Notes includes provisions dealing with the occurrence of a market disruption event or a failure to open of an exchange or related exchange on a Valuation Date, an Averaging Date or a Pricing Date and the Calculation Agent determines that a market disruption event or such failure has occurred or exists on a Valuation Date, an Averaging Date or a Pricing Date, any consequential postponement of the Valuation Date, Averaging Date or a Pricing Date or any alternative provisions for valuation provided in any Notes may have an adverse effect on the value of such Notes.

#### *Early redemption for Illegality*

In the event that the Bank determines in good faith that the performance of its obligations under the Notes or that any arrangements made by the Bank and/or any Affiliate to hedge the Bank's obligations under such Notes have or will become unlawful, illegal, or otherwise prohibited in whole or in part, as a

result of compliance with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power, or the interpretation thereof, the Bank may redeem the Notes early at the Early Redemption Amount specified in the applicable Final Terms together, if appropriate, with accrued interest, taking into account any hedging losses by Bank and/or such Affiliate(s).

*The secondary market price of the Notes may be less than the Issue Price and/or the Offer Prices*

Investors should note that, in certain circumstances immediately following the issue of the Notes, the secondary market price of the Notes may be less than the Issue Price and/or the Offer Price in the event that the Issue Price and/or the Offer Price included the fees to be paid to distributor(s).

*In order to receive the Entitlement in respect of Physical Delivery Notes, Holders are required to deliver notices*

In order to receive the Entitlement in respect of a Physical Delivery Note, the holder of such Note must (1) duly deliver to the Clearing System and/or Paying Agents, as specified in the Final Terms, a duly completed Asset Transfer Notice on or prior to the relevant time on the Cut-Off Date and (2) pay the relevant Expenses.

*In the case of Physical Delivery Notes, settlement may be delayed or made in cash if certain events arise*

In the case of Physical Delivery Notes (other than Credit Linked Notes), if a Settlement Disruption Event occurs or exists on the Maturity Delivery Date, settlement will be postponed until the next date on which no Settlement Disruption Event occurs. The Bank in these circumstances also has the right to pay the Disruption Cash Settlement Price in lieu of delivering the Entitlement. Such a determination may have an adverse effect on the value of the relevant Notes. In addition if “Failure to Deliver due to Illiquidity” is specified as applying in the applicable Final Terms, and in the opinion of the Calculation Agent it is impossible or impracticable to deliver some or all of the Relevant Assets comprising the Entitlement when due as a result of illiquidity in the market for the Relevant Assets, the Bank has the right to pay the Failure to Deliver Settlement Price in lieu of delivering those Relevant Assets.

*Holders of Physical Delivery Notes must pay all Expenses relating to such Physical Delivery Notes*

Holders of Physical Delivery Notes must pay all Expenses relating to such Physical Delivery Notes. As used in the Terms and Conditions, “Expenses” includes any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising from the redemption, exercise and settlement (as applicable) of such Notes and/or the delivery of the Entitlement.

*The Bank may have the right to vary settlement*

If so indicated in the applicable Final Terms, the Bank has an option to vary settlement in respect of the Notes. If exercised by the Bank, this option will lead to Physical Delivery Notes being cash settled or Cash Settled Notes being physically settled. Exercise of such option may affect the value of the Notes or the amount received by an Investor on settlement.

*Holders have no claim against any Reference Item(s)*

Owning Notes with payments and/or delivery of specified assets determined by reference to a Reference Item(s) is not the same as owning the Reference Item(s). A Note will not represent a claim against any Reference Item(s) and, in the event that the amount paid on redemption of the Notes is less than the purchase price of the Notes, a Holder will not have recourse under a Note to any Reference Item(s). Accordingly, the market value of such Notes may not have a direct relationship with the market price of the Reference Item(s) and changes in the market price of the Reference Item(s) may not result in a comparable change in the market value of the Notes. For example, the market value of such Notes may not

increase even if the price of the Reference Item(s) increases. It is also possible for the price of the Reference Item(s) to increase while the market price of such Notes declines.

***The amount paid or the value of the specified assets delivered by the Bank on redemption, cancellation or settlement (as applicable) of such Notes may be less than the purchase price of the Notes, together with any accrued interest, and may in certain circumstances be zero.***

*Hedging and other potential conflicts of interest*

The Bank and/or one or more of its Affiliates may hedge the obligations under Reference Item Linked Notes by purchasing or selling the Reference Item(s) or other derivative instruments with returns linked to or related to changes in the value of the Reference Item(s) and may also adjust these hedges by, among other things, purchasing or selling the Reference Item(s) or other derivative instruments at any time and from time to time. Any of these hedging activities may affect the price of the Reference Item(s) and, therefore, the value of associated Reference Item Linked Notes. It is possible that the Bank or one or more of its Affiliates could receive substantial returns from these hedging activities while the value of the Reference Item(s) may decline. However neither the Bank nor any of its Affiliates will be obligated to hedge the Bank's exposure under Reference Item Linked Notes nor is there any assurance that any hedging transaction will be maintained or successful.

The Bank or one or more of its Affiliates may also engage in trading in the Reference Item(s) on a regular basis as part of general broker-dealer and other businesses of the Bank or its Affiliates, for proprietary accounts, for other accounts under management or to facilitate transactions for customers, including block transactions. Any of these activities could affect the price of the Reference Item(s) and, therefore, the value of the associated Reference Item Linked Notes. The Bank or one or more of its Affiliates may also issue or underwrite other securities or financial or derivative instruments with returns linked or related to changes in the value of the Reference Item(s) and the availability of such competing products could adversely affect the value of the Reference Item Linked Notes.

The Calculation Agent for an issue of Notes is the agent of the Bank and not an agent for the Holders. Where the Bank acts as Calculation Agent or the Calculation Agent is an affiliate of the Bank, potential conflicts of interest may exist between the Calculation Agent and the Holders, including with respect to certain determinations and judgments that the Calculation Agent may make pursuant to the Conditions that may influence the amount receivable or specified assets deliverable upon redemption of the Notes. The Calculation Agent will make such determinations and adjustments as it deems appropriate, in accordance with the Conditions of the Notes. In making such determinations and adjustments, the Calculation Agent will be entitled to exercise substantial discretion and may be subject to conflicts of interest in exercising this discretion.

The Bank and any relevant Dealer may, at the date hereof or any time hereafter, be in possession of information in relation to a Reference Item that is or may be material in the context of the Notes and may or may not be publicly available to Holders. There is no obligation on the Bank or any Dealer(s) to disclose to Holders any such information.

*No pledge or holding of Reference Item(s)*

Neither the Bank nor any of its Affiliates will pledge or otherwise hold the Reference Item(s) or other derivative instruments for the benefit of Holders in order to enable Holders to exchange Reference Item Linked Notes for the associated Reference Item(s) or other derivative commitments under any circumstances. The sole entitlement of the Holders in respect of Reference Item Linked Notes is against the credit of the Bank. Consequently, in the event of a bankruptcy, insolvency or liquidation of the Bank, any of the Reference Item(s) or other derivative commitments owned by the Bank or its Affiliates will be subject to the claims of the Bank's creditors generally and will not be available specifically for the benefit of Holders.

### *Certain considerations regarding hedging*

Prospective Investors intending to purchase Notes to hedge against the market risk associated with investing in a security (or basket of securities), index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities) or other asset or basis of reference which may be specified in the applicable Final Terms, should recognise the complexities of utilising Notes in this manner. For example, the value of the Notes may not exactly correlate with the value of the security (or basket of securities), index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities) or other asset or basis which may be specified in the applicable Final Terms. Due to fluctuating supply and demand for the Notes, there is no assurance that their value will correlate with movements of the security (or basket of securities), index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities) or other asset or basis which may be specified in the applicable Final Terms.

### *Principal Protection*

If the Notes are specified in the applicable Final Terms as having a Protection Amount, such Notes are principal protected only at maturity. If such Notes are redeemed before their scheduled maturity, they may return less than the Protection Amount or even zero.

Investors should note that certain Reference Item Linked Notes may not benefit from a Protection Amount and Investors may receive less than the initial investment amount of the Notes and Investors are exposed to full loss of their investment.

### *Post-Issuance Information*

The Bank will not provide post-issuance information in relation to the relevant Reference Item unless otherwise indicated in the relevant Final Terms.

### ***Risks relating to Specific Reference Item Linked Notes***

#### *Index Linked Notes*

The Bank may issue Notes where amounts payable are dependent upon the level, or changes in the level, of an index or a basket of indices (“Index Linked Notes”).

Potential Investors in any such Notes should be aware that, depending on the terms of the Index Linked Notes (i) they may receive no or a limited amount of interest, (ii) payments may occur at a different time than expected and/or (iii) they may lose all or a substantial portion of their investment. In addition, movements in the level of the index or basket of indices may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant level of the index or indices may affect the actual yield to Investors, even if the average level is consistent with their expectations. In general, the earlier the change in the level of an index or result of a formula, the greater the effect on yield.

Returns on Index Linked Notes may not reflect the return an Investor would realise if it actually bought all securities comprised in the index and in the same proportion as the weighting of such securities in the index or, as the case may be, indices in an index basket and received the dividends paid on those securities because the closing index level or levels on any date may reflect the price of such securities without taking into account the value of dividends paid on those securities. Also, an Investor in the Notes will not benefit from any voting rights or rights to receive cash dividends or other distributions or rights that it would have benefited from in case of direct investment in the securities.

The Calculation Agent may determine that an event giving rise to a Disrupted Day (as defined in the Conditions) has occurred at any relevant time. Any such determination may have an effect on the timing of valuation and consequently the value of the Notes and/or may delay applicable purchase

payments or settlement. Prospective Investors should review the Conditions and the applicable Final Terms to ascertain whether and how such provisions apply to the Notes.

The Index Sponsor of any relevant Index can add, delete or substitute the securities comprised in the Index or amend in any other way the methodology of the Index. Investors should be aware that those decisions by the Index Sponsor may adversely affect the value of the Notes (e.g. if a newly added company performs significantly worse or better than the company it replaces).

No Index Sponsor of any relevant Index has to consider interests of Holders in calculating and revising the Index.

If an Index Adjustment Event occurs, prospective purchasers should note that the Bank may, in the case of Notes, redeem the Notes early at the Early Redemption Amount specified in the applicable Final Terms.

The market price of such Notes may be volatile and may be affected by the time remaining to the redemption or expiration date (as applicable) and the volatility of the level of the index or indices. The level of the index or indices may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which any securities comprising the index or indices may be traded.

#### *Equity Linked Notes*

The Bank may issue Notes where the amounts payable are dependent upon the price of or changes in the price of an equity security or a basket of equity securities or where, depending on the price of or change in the price of an equity security or a basket of equity securities, on redemption the Bank's obligation is to deliver specified assets ("Equity Linked Notes").

Potential Investors in any such Notes should be aware that, depending on the terms of the Equity Linked Notes (i) they may receive no or a limited amount of interest, (ii) payment of any amounts or delivery of any specified assets may occur at a different time than expected and/or (iii) they may lose all or a substantial portion of their investment. In addition, movements in the price of the equity security or basket of equity securities may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price of the equity security or equity securities may affect the actual yield to Investors, even if the average level is consistent with their expectations. In general, the earlier the change in the price of the equity security or equity securities, the greater the effect on yield.

The Calculation Agent may determine that an event giving rise to a Disrupted Day has occurred at any relevant time. Any such determination may have an effect on the timing of valuation and consequently the value of the Notes and/or may delay any applicable redemption payments, or settlement. Prospective Investors should review the Conditions and the applicable Final Terms to ascertain whether and how such provisions apply to the Notes.

If Potential Adjustment Event and/or De-listing and/or Merger Event and/or Nationalisation and/or Insolvency and/or Insolvency Filing and/or Tender Offer are specified as applying in the applicable Final Terms, prospective Investors should note that the Notes will, in the case of Notes, be subject to adjustment or may be redeemed at the Early Redemption Amount specified in the applicable Final Terms, taking into account any hedge costs.

In respect of Equity Linked Notes relating to an equity security or equity securities originally quoted, listed and/or dealt as of the Trade Date in a currency of a member state of the European Union that has not adopted the euro, if such equity security or equity securities is/are at any time after the Trade Date quoted, listed and/or dealt exclusively in euro on the relevant Exchange, prospective purchasers should note that the Calculation Agent will adjust any one or more of the terms of the Conditions and/or the applicable Final Terms as the Calculation Agent determines in its sole and absolute discretion to be appropriate to preserve the economic terms of the Notes. Prospective purchasers should also note that the

Calculation Agent will make any conversion necessary for the purposes of any such adjustment as of the relevant Valuation Time at the official conversion rate, if any, or an appropriate mid-market spot rate of exchange determined by the Calculation Agent prevailing as of the relevant Valuation Time.

The market price of such Notes may be volatile and may be affected by the time remaining to the redemption or expiration date (as applicable), the volatility of the equity security or equity securities, the dividend rate (if any) and the financial results and prospects of the issuer or issuers of the relevant equity security or equity securities as well as economic, financial and political events in one or more jurisdictions, including factors affecting the stock exchange(s) or quotation system(s) on which any such securities may be traded.

Equity Linked Notes do not represent a claim against or an investment in any equity issuer and Holders will not have any recourse against the equity issuer.

*Potential exposure to risks of emerging markets*

Where the terms and conditions of the Notes reference one or more emerging market Reference Item(s), purchasers of such Notes should be aware that the political and economic situation in countries with emerging economies or stock markets may be undergoing significant evolution and rapid development, and such countries may lack the social, political and economic stability characteristics of more developed countries, including a significant risk of currency value fluctuation. Such instability may result from, among other things, authoritarian governments, or military involvement in political and economic decision-making, including changes or attempted changes in governments through extra-constitutional means, popular unrest associated with demands for improved political, economic or social conditions; internal insurgencies; hostile relations with neighbouring countries; and ethnic, religious and racial disaffections or conflict. Certain of such countries may have in the past failed to recognise private property rights and have at times nationalised or expropriated the assets of private companies. As a result, the risks from investing in those countries, including the risks of nationalisation or expropriation of assets, may be heightened. In addition, unanticipated political or social developments may affect the values of a Reference Item investment in those countries. The small size and inexperience of the securities markets in certain countries and the limited volume of trading in securities may make the Reference Item(s) illiquid and more volatile than investments in more established markets. There may be little financial or accounting information available with respect to the Underlying Equity Issuers, and it may be difficult as a result to assess the value or prospects of the Reference Item(s).

*Additional considerations relevant for Index Linked Notes or Equity Linked Notes where an equity security, basket of equity securities or equity index is the Reference Item*

Except as specified in the applicable Conditions, in relation to Physical Delivery Notes, Holders will not have voting rights or rights to receive dividends or other distributions or any other rights that holders of the reference equity securities would have and Holders will not have any beneficial interest in or right to acquire the reference equity securities or any derivative instruments related thereto.

The Calculation Agent may not be required to make an adjustment for every event that can affect the reference index or equity securities. If an event occurs that does not require the Bank to adjust the amount payable at maturity in respect of the reference equity security or reference index, the market price of the associated Reference Item Linked Notes and the amount of interest or the principal amount payable at the maturity may be materially and adversely affected.

The Bank or one or more of its Affiliates may, at present or in the future, engage in business with an Equity Issuer or its competitors, including making loans to or equity investments in an Equity Issuer or its competitors or providing either with investment banking, asset management or other advisory services, including merger and acquisition advisory services. These activities may present a conflict between the Bank's or its Affiliates' obligations and the interests of Holders. Moreover, the Bank or one or more of its Affiliates may have published and may in the future publish research reports on an Equity Issuer or upon any reference index which may be modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the Reference Item Linked

Notes. Any of these activities could affect the price of the reference equity securities or index and, therefore, the value of the associated Reference Item Linked Notes.

If the Bank and its Affiliates are not affiliated with the Equity Issuers, the Bank will have no ability to control or predict the actions of these issuers, including any corporate actions of the type that would require the Bank to adjust the amount payable on the Reference Item Linked Notes, and will have no ability to control the public disclosure of these corporate actions or any other events or circumstances affecting the Equity Issuers. The Equity Issuers will have no obligation to consider the interests of Holders in taking any corporate actions that might affect the value of the associated Reference Item Linked Notes. The Equity Issuers may take actions that will adversely affect the value of the associated Reference Item Linked Notes. None of the money paid for the Reference Item Linked Notes will go to the Equity Issuers.

Neither the Bank nor any of its Affiliates assumes any responsibility for the adequacy or accuracy of the information about the Equity Issuers contained in any terms supplement or in any publicly available filings made by the Equity Issuers. Prospective Investors should make their own investigation into the relevant Equity Issuers.

#### *Commodity Linked Notes*

The Bank may issue Notes where amounts payable are dependent upon the price or changes in the price of a commodity or basket of commodities or where, depending on the price or change in the price of the commodity or basket of commodities, on maturity, redemption or settlement (as applicable) the Bank may be obliged to deliver specified assets (together “Commodity Linked Notes”).

Potential Investors in any such Notes should be aware that depending on the terms of the Commodity Linked Notes (i) they may receive no or a limited amount of interest, (ii) payments or delivery of any specified assets may occur at a different time than expected and/or (iii) they may lose all or a substantial portion of their investment. In addition, the movements in the price of the commodity or commodities may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price of the commodity or basket of commodities may affect the actual yield to Investors, even if the average level is consistent with their expectations. In particular Commodity Linked Notes which are related to the value of commodities tend to be more volatile than traditional securities investments. The market values of commodities tend to be highly volatile. Commodity market values are not related to the value of a future income or earnings stream, as tends to be the case with fixed-income and equity investments, but are subject to variables of specific application to commodities markets. These variables include changes in supply and demand relationships, governmental programmes and policies, national and international monetary, trade, political, judicial and economic events, changes in interest and exchange rates, speculation and trading activities in commodities and related contracts, weather, and agricultural, trade, fiscal and exchange control policies. These factors may have a larger impact on commodity prices and commodity-linked instruments than on traditional fixed-income and equity securities. Further, in general, the earlier the change in the price or prices of the commodities, the greater the effect on yield.

The market price of such Notes may be volatile and may depend on the time remaining to the redemption or expiration date (as applicable) and the volatility of the price of the commodities. The price of commodities may be affected by economic, financial and political events in one or more jurisdictions, including factors affecting the exchange(s) or quotation system(s) on which any such commodities may be traded.

#### *Fund Linked Notes*

##### *General*

The Bank may issue Notes where the amounts payable are dependent upon the price or changes in the price of one or more Fund Interests or Fund Shares or where, depending on the price or changes in the price of one or more Fund Interests or Fund Shares, the Bank has an obligation to deliver specified assets. Accordingly, an investment in Fund Linked Notes may bear similar market risks to a direct fund

investment and Investors should take advice accordingly. Funds may also include exchange traded Funds (“ETFs”).

Potential Investors in any such Notes should be aware that depending on the terms of the Fund Linked Notes (i) they may receive no or a limited amount of interest, (ii) payments or delivery of any specified assets may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment. In addition, the movements in the price of one or more Fund Shares or Fund Interests may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and the timing of changes in the relevant price of the one or more Fund Shares or Fund Interests may affect the actual yield to Investors, even if the average level is consistent with their expectations. In general, the earlier the change in the price or prices of one or more Fund Shares or Fund Interests, the greater the effect on yield.

Neither the Bank nor its Affiliates have the ability to control or predict the actions of the Fund Adviser or other Fund Service Provider. The Fund Adviser is not involved in the offer of the Notes in any way and has no obligation to consider the interests of the Holders in taking any corporate actions that might affect the value of the Notes.

The Bank may have no role in the relevant Fund. The Fund Adviser is responsible for making strategic, investment and other trading decisions with respect to the management of the Fund, consistent with its investment objectives and/or investment restrictions as set out in its constitutive documents. Returns on Fund Interests or Fund Shares reflect fees payable to the Fund Adviser and will be paid regardless of performance. The manner in which a Fund is managed and the timing of such decisions will have a significant impact on the performance of the Fund. Hence, the price which is used to calculate the performance of the Fund is also subject to these risks. Set out below are risks common to any fund or funds and are not specific to the Fund. These risks include:

- (i) the risk that the share price of one or more of the assets in the Fund’s portfolio will fall, or will fail to rise. Many factors can adversely affect an asset’s performance, including both general financial market conditions and factors related to a specific asset or asset class;
- (ii) general macro-economic or asset class specific factors, including interest rates, rates of inflation, financial instability, lack of timely or reliable financial information or unfavourable political or legal developments;
- (iii) asset allocation policies of the Fund Adviser;
- (iv) credit quality and the risk of default of one of the Funds or of assets generally held in the Fund;
- (v) the risk that the Fund’s investment objectives and/or investment restrictions as set out in its constitutive documents are materially changed, not complied with or the method of calculating the Net Asset Value is materially changed;
- (vi) the risk that the Fund is liquidated, dissolved or otherwise ceases to exist or it or its Fund Adviser is subject to a proceeding under any applicable bankruptcy, insolvency or other similar law; and
- (vii) the risk that the Fund is subject to a fraudulent event.

Prospective Investors in the Notes should be aware that the Fund Adviser will manage the Fund in accordance with the investment objectives of and guidelines applicable to the Fund. Furthermore, the arrangements between the Fund Adviser and the Fund have, in most cases, not been negotiated at arm’s length and it is unlikely that the Fund Adviser will be replaced or that additional fund managers and/or fund advisers will be retained.

*Use of estimates*



Potential Investors should understand that for certain determinations, the Calculation Agent or the Bank may be required to rely on (a) values that at the time they are required are only estimated values, and (b) information provided by third parties, such as the Fund Adviser or Fund Service Providers, on the basis of their models, market anticipation and assumptions, the accuracy of which neither the Bank nor the Calculation Agent has any control, and as such, they may rely on this information without any obligation to verify or otherwise corroborate it.

#### *Changing value*

The value of the Notes may move up or down between the Issue Date and the maturity date, redemption date, settlement date or exercise date (as applicable) and an Investor in the Notes in the secondary market during that time or on maturity of the Notes may sustain a significant loss. Factors that may influence the value of the Notes include: the value of the Fund; the creditworthiness of the Bank in respect of the Notes; and those economic, financial, political and regulatory events that affect financial markets generally (including, for example, interest, foreign exchange and yield rates in the market).

The market price of a Fund Share in an ETF may be volatile and may depend on the time remaining to the redemption date or settlement date (as applicable) and the volatility of the price of a Fund Share and may be affected by the performance of the Fund Service Providers, and in particular the Fund Adviser. The price of a Fund Share may be affected by economic, financial, political and regulatory events that affect financial markets generally (including, for example, factors affecting the exchange(s) or quotation system(s) on which any such Fund Share may be traded).

#### *Prospective Investors of the Notes have no rights with respect to the Fund or underlying Fund Shares or Fund Interests*

A prospective Investor in Notes has no rights with respect to the Fund Shares or Fund Interests including, without limitation, the right to receive dividends or other distributions. None of the Bank, any Dealers or the Agents or any of their respective affiliates has performed any investigation or review of any entities that manage a Fund for the purpose of forming a view as to the merit of an investment linked to such Fund. None of the Bank, any Dealers or the Agents or any of their respective affiliates have performed or will perform any investigation or review of any entities that manage the Fund from time to time, including any investigation of public filings of such entities, for the purpose of forming a view as to the suitability of an investment linked to the Net Asset Value per underlying Fund Interest or Fund Share and they make no guarantee or express or implied warranties in respect of the Fund, the Fund Adviser or any other entity. Accordingly, Investors should not conclude that the issue by the Bank of the Notes is any form of investment recommendation or advice by any of the Bank, any Dealers or the Agents or any of their respective affiliates.

#### *Fund Events*

Prospective Investors should understand that, if a Fund Event is applicable, on the occurrence of any of the Fund Events, the Bank may require the Calculation Agent: (i) to make such adjustments as it determines appropriate, including delaying any determination date or related payment date until it determines that no Fund Event exists, (ii) select replacement Funds, or (iii) in the case of Notes, redeem the Notes early and pay each Holder the Early Redemption Amount, taking into account any hedge costs. "Fund Events" include Additional Fund Disruption Events (which include Change in Law, Fund Hedging Disruption and Increased Cost of Hedging), Fund Valuation Disruption, Fund Settlement Disruption, Nationalisation, Insolvency, Fund Insolvency Event, NAV Trigger Event, Adviser Resignation Event, Fund Modification, Strategy Breach, Regulatory Action, Reporting Disruption, Fund Service Provider Cessation, Fund Administration Disruption and Related Agreement Termination.

### *Fund Potential Adjustment Events*

Following the declaration by a Fund of any Fund Potential Adjustment Event, the Calculation Agent may determine to make adjustments to the terms of the Fund Linked Notes.

### *Exchange Traded Funds*

In the case where the Fund is an ETF, if De-listing, Insolvency, Material Underlying Event (which includes events in relation to the ETF and/or Fund Share which is materially prejudicial to the Bank in connection with the issue of the Fund Linked Notes or any related hedging arrangement) and/or Merger Event, Nationalisation and/or Tender Offer are specified as applying to the applicable Final Terms, the Notes will also be subject to adjustment or in the case of Notes, early redemption at the Early Redemption Amount specified in the applicable Final Terms, taking into account any hedging costs.

If Fund Potential Adjustment Events occur, prospective purchasers should note that the Notes will be subject to adjustment.

The Calculation Agent may determine that an event giving rise to a Disrupted Day has occurred at any relevant time. Any such determination may have an effect on the timing of valuation and consequently the value of the Notes and/or may delay any applicable redemption payments, or settlement. Prospective purchasers should review the Conditions and the applicable Final Terms to ascertain whether and how such provisions apply to the Notes.

### *Additional Disruption Events (Index Linked Notes, Commodity Linked Notes and Equity Linked Notes and Fund Linked Notes only)*

If certain Additional Disruption Events are specified as applying in the applicable Final Terms, the Notes will be subject to adjustment or may be redeemed or cancelled (as applicable) upon the occurrence of any of the Additional Disruption Events specified as applying in the applicable Final Terms. “Additional Disruption Events” may include change in law, hedging disruption, increased cost of hedging and/or insolvency filings.

### *Credit Linked Notes*

The Bank may issue Notes where amounts payable are dependent upon whether certain events have occurred in respect of a specified entity (the “Reference Entity”) and, if so, on the value of certain specified assets of the Reference Entity or where, if such events have occurred, on redemption the Bank’s obligation is to deliver certain specified assets.

Potential Investors in any such Notes should be aware that depending on the terms of the Credit Linked Notes (i) they may receive no or a limited amount of interest or principal or other amounts, (ii) payment of principal, interest or other amounts or delivery of any specified assets may occur at a different time than expected and (iii) they may lose all or a substantial portion of their investment.

The market price of such Notes may be volatile and will be affected by, amongst other things, the time remaining to the redemption or expiry date and the financial condition and creditworthiness of the Reference Entity which in turn may be affected by the economic, financial and political events in one or more jurisdictions or industries and changes in prevailing interest rates.

Where the Notes provide for physical delivery, the Bank may determine that the specified assets to be delivered are either (a) assets which for any reason (including, without limitation, failure of the relevant clearance system or due to any law, regulation, court order or market conditions or the non-receipt of any requisite consents with respect to the delivery of assets which are loans) it is impossible or illegal to deliver on the settlement date or redemption date or (b) assets which the Bank and/or one or more of its Affiliates has not received under the terms of any transaction entered into by the Bank and/or any Affiliate to hedge the Bank’s obligations in respect of the Notes. Any such determination may delay settlement in respect of the Notes and/or cause the obligation to deliver such specified assets to be replaced by an

obligation to pay a cash amount which, in either case, may affect the value of the Notes and, in the case of payment of a cash amount, will affect the timing of the valuation of such Notes and as a result, the amount payable on redemption or settlement. Prospective purchasers should review the relevant Conditions of the Notes and the applicable Final Terms to ascertain whether and how such provisions should apply to the Notes.

The Bank's obligations in respect of Credit Linked Notes are irrespective of the existence or amount of the Bank's and/or any Affiliates' credit exposure to a Reference Entity and the Bank and/or any Affiliate need not suffer any loss nor provide evidence of any loss as a result of the occurrence of a Credit Event.

#### *Partly Paid Notes*

The Bank may issue Notes (other than Subordinated Notes) where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an Investor losing all of its investment.

#### *Variable rate Notes with a multiplier or other leverage factor*

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

#### *Inverse Floating Rate Notes*

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

#### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on the other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

An investment in Notes, the premium and/or the interest on or principal of which is determined by reference to one or more values of currencies, commodities, interest rates or other indices or formulae, either directly or inversely, may entail significant risks not associated with similar investments in a conventional debt security, including the risks that the resulting interest rate will be less than that payable on a conventional debt security at the same time and/or that an Investor may lose the value of its entire investment or part of it, as the case may be. Neither the current nor the historical value of the relevant currencies, commodities, interest rates or other indices or formulae should be taken as an indication of future performance of such currencies, commodities, interest rates or other indices or formulae during the term of any Notes.

### *Notes issued at a substantial discount or premium*

The prices at which Zero Coupon Notes, as well as other Notes issued at a substantial discount or premium from their principal amount payable at maturity, trade in the secondary market tend to fluctuate more in relation to general changes in interest rates than do the prices for conventional interest-bearing securities of comparable maturities. Generally, the longer the remaining term of the Notes, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

### **Additional Risk Factors**

#### *Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

#### *Notes not in physical form*

Unless the Global Notes are exchanged for definitive Notes, which exchange will only occur in the limited circumstances described below in “Summary of Provisions Relating to the Notes While in Global Form”, the beneficial ownership of the Notes will be recorded in book-entry only form with Euroclear and Clearstream, Luxembourg or another agreed clearing system. The fact that the Notes are not represented in physical form could, among other things:

- result in payment delays on the Notes because distributions on the Notes will be sent by, or on behalf of, the applicable Issuer to Euroclear or Clearstream, Luxembourg or another agreed clearing system instead of directly to Noteholders;
- make it difficult for Noteholders to pledge the Notes as security if Notes in physical form are required or necessary for such purposes; and
- hinder the ability of Noteholders to resell the Notes because some Investors may be unwilling to buy Notes that are not in physical form.

### *Canadian Usury Laws*

All Notes issued under the Programme are governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. The *Criminal Code* (Canada) prohibits the receipt of “interest” at a “criminal rate” (namely, an effective annual rate of interest of 60%). Accordingly, the provisions for the payment of interest or a Redemption Amount in excess of the aggregate principal amount of the Notes may not be enforceable if the provision provides for the payment of “interest” in excess of an effective annual rate of interest of 60%.

### *Risks related to the Notes generally*

Set out below is a brief description of certain risks relating to the Notes generally:

#### *Modification and waivers*

The Amended and Restated Agency Agreement dated June 27, 2012 between the Issuer, The Bank of Nova Scotia, London Branch as Fiscal Agent, Principal Paying Agent, Registrar and Transfer Agent and The Bank of Nova Scotia, Global Wholesale Services as Paying Agent and Transfer Agent (as amended or supplemented from time to time, the “Agency Agreement”) contains provisions for calling meetings of Noteholders to consider matters affecting their interest generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who do not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions of the Notes also provide that the Agency Agreement, the Notes and any Receipts and Coupons attached to the Notes may be amended by the Issuer and the Fiscal Agent without the consent of the holder of any Note, Receipt or Coupon (i) for the purpose of curing any ambiguity, or for curing, correcting or supplementing any defective provision contained therein, (ii) to make any further modifications of the terms of the Agency Agreement necessary or desirable to allow for the issuance of any additional Notes (which modifications shall not be materially adverse to holders of outstanding Notes) or (iii) in any manner which the Issuer and the Fiscal Agent may deem necessary or desirable and which shall not materially adversely affect the interests of the holders of the Notes, Receipts and Coupons.

#### *Tax treatment*

The tax treatment of any amount to be paid in relation to the Notes to a Holder may reduce such Holder's effective yield on the Notes. In particular, the tax treatment of certain types of Reference Item Linked Notes is uncertain. Prospective Investors should consult their tax advisors about their own tax situation.

#### *U.S. Foreign Account Tax Compliance Withholding*

The Issuer and other financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30% on all, or a portion of, payments made after 31 December 2016 in respect of (i) any Notes characterized as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued after 31 December 2012 or are materially modified after that date and (ii) any Notes characterized as equity for U.S. federal tax purposes, whenever issued, pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code ("FATCA") or similar law implementing an intergovernmental approach to FATCA. In addition, if Notes are issued before 1 January 2013 and additional Notes of the same series are issued after that date, the additional Notes may not be treated as exempt from FATCA withholding, which may have negative consequences on the existing Notes, including a negative impact on market price.

This withholding tax may be triggered if (i) the Issuer is a foreign financial institution ("FFI") (as defined in FATCA) that enters into and complies with an agreement with the U.S. Internal Revenue Service ("IRS") to provide certain information on its account holders (making the Issuer a "Participating FFI"), (ii) the Issuer has a positive "passthru payment percentage" (as determined under FATCA), and (iii) any FFI that is an investor, or through which payment on such Notes is made, is not a Participating FFI.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected. Holders of Notes should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on proposed regulations and official guidance that is subject to change. The application of FATCA to Notes issued after December 31, 2012 (or whenever issued, in the case of Notes treated as equity for U.S. federal tax purposes) may be addressed in the relevant Final Terms or a Supplement to the Prospectus, as applicable.

#### *Legislation affecting dividend equivalent payments may impact the Notes*

The United States Hiring Incentives to Restore Employment Act (the "HIRE Act") treats a "dividend equivalent" payment as a dividend from sources within the United States. Under the Act, such payments generally would be subject to a 30% U.S. withholding tax. Payments on the Notes that are, in whole or in part, directly or indirectly contingent upon, or determined by reference to, the payment of a dividend from sources within the United States may be treated as dividend equivalent payments and may become subject to the 30% U.S. withholding tax. This withholding tax may be reduced by an applicable

tax treaty provided that the beneficial owner timely claims a credit or refund from the IRS. If withholding is so required, the Issuer will not be required to pay any additional amounts with respect to amounts so withheld.

#### *No obligation to maintain listing*

Not all Notes will be listed on the Market and the Issuer may, in certain circumstances, seek to delist Notes which are listed on the Market or another securities exchange or market, provided that in such cases the Issuer will be required to use its reasonable endeavours to obtain and maintain a listing of such Notes on an alternative stock exchange or exchanges (which may be outside the European Union) as agreed between the Issuer and the Dealers. These circumstances include any future law, rule of the Exchange or any other securities exchange or any EU Directive imposing requirements (including new corporate governance requirements) on the Issuer or any of its affiliates that the Issuer in good faith determines are impractical or unduly burdensome in order to maintain the continued listing of any Notes issued under the Programme on the Market or on a regulated market in the European Union (see item 11 in “General Information”).

In these circumstances, the Issuer may determine that it is unduly burdensome to maintain such listing and seek to terminate the listing of such Notes issued by it provided it uses all reasonable endeavours to seek an alternative admission to listing, trading and/or quotation of such Notes by another listing authority, securities exchange and/or quotation system that it deems appropriate. However, if such alternative listing is not available or, in the opinion of the Issuer is impractical or unduly burdensome, an alternative listing may not be obtained.

Although there is no assurance as to the liquidity of any Notes as a result of the listing on a regulated market in the European Union, delisting such Notes may have a material affect on the ability of Investors to (i) continue to hold such Notes or (ii) resell the Notes in the secondary market.

#### *The Bank's obligations under Subordinated Notes are subordinated*

The Bank's obligations under Subordinated Notes will be unsecured and subordinated in right of payment to the prior payment in full of the deposit liabilities of the Bank and all other liabilities of the Bank except those liabilities which by their terms rank in right of payment equally with or are subordinate to indebtedness evidenced by such subordinated indebtedness. Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that Investors in Subordinated Notes will lose some or all of their investment should the Bank become insolvent. Holders of Subordinated Notes have only a limited right to accelerate payment of principal on default and a default may be declared and the obligation to repay principal accelerated only in prescribed circumstances summarized under “Events of Default” in the Conditions. Except to the extent regulatory capital requirements affect the Bank's decisions to issue subordinated debt or more senior debt, there is no limit on the Bank's ability to incur subordinated debt or more senior debt.

#### *Insolvency procedures*

In the event that the Issuer becomes insolvent, proceedings will be generally governed by the insolvency laws of the Issuer's jurisdiction (the “Relevant Jurisdiction”). The insolvency laws of the Relevant Jurisdiction may be different from the insolvency laws of an Investor's home jurisdiction and the treatment and ranking of holders of Notes issued by the Issuer and the Issuer's other creditors and shareholders under the insolvency laws of a Relevant Jurisdiction may be different from the treatment and ranking of holders of those Notes and the Issuer's other creditors and shareholders if the Issuer was subject to the insolvency laws of the Investor's home jurisdiction.

#### *Changing Regulatory Landscape*

In July 2009, the Basel Committee revised the market risk framework, in response to concerns arising from significant losses in trading books in the industry during 2007-2009. The impact of these changes on the Bank is discussed on page 47 and on pages 66 to 75 of the Bank's 2011 Annual Report,

pages 13 and 15 of the Bank's 2012 First Quarter Report and on pages 14 to 16 of the Bank's 2012 Second Quarter Report. In December 2010, the Basel Committee put forth changes to the regulatory requirements that affect financial institutions, including a number of changes to the existing capital rules and the introduction of a global liquidity standard. The Bank is currently assessing the potential impact of these new global standards, referred to as "Basel III". A summary of the Basel III requirements as they would apply to the Bank is set out on page 47 of the Bank's 2011 Annual Report, pages 13 and 15 of the Bank's 2012 First Quarter Report and on pages 14 to 16 of the Bank's 2012 Second Quarter Report.

The Bank cannot predict the precise effects of the above-mentioned changes on its financial performance or the impact on the pricing of its Notes issued under the Programme. Prospective Investors in the Notes should consult their own advisers as to the potential consequences for them and for the Bank of the potential application of these changes.

#### *European Monetary Union*

If the United Kingdom joins the European Monetary Union prior to the maturity of any Notes that are denominated or payable in Sterling, there is no assurance that this would not adversely affect Investors in such Notes. It is possible that prior to the maturity of such Notes the United Kingdom may become a participating Member State and that the euro may become the lawful currency of the United Kingdom. In that event (i) all amounts payable in respect of any Notes denominated in Sterling may become payable in euro, (ii) the law may allow or require such Notes to be re-denominated into euro and additional measures to be taken in respect of such Notes, and (iii) there may no longer be available published or displayed rates for deposits in Sterling used to determine the rates of interest on such Notes or changes in the way those rates are calculated, quoted and published or displayed.

#### *EU Savings Directive*

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

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

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

#### *General volatility in the funding markets*

Since the second half of 2007, disruption in the global markets, coupled with the re-pricing of credit risk and the deterioration of the housing markets in the United States and elsewhere, have created difficult conditions in the financial markets. These conditions have resulted in historic volatility, less liquidity or no liquidity, widening of credit spreads and a lack of price transparency in certain markets, both primary and secondary. These adverse market conditions resulted in the failures of a number of financial institutions in the United States and Europe and are continuing to cause volatility and economic disruption in some major economies. While central banks and governments around the world have taken coordinated efforts to increase liquidity in the financial markets, it is difficult to predict whether, to what

extent or how long the adverse market conditions will continue to exist or whether they will worsen or how long such central bank and government efforts will continue to be available or on what terms. Any worsening of market conditions and the uncertainty as to the continued availability of central bank and government efforts to provide liquidity and/or funding could have a material adverse effect on the Bank's liquidity and funding.

#### *Change of law*

The terms and conditions of the Notes are based on the laws of the Province of Ontario and the federal laws of Canada applicable therein in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to the laws of the Province of Ontario or the federal laws of Canada applicable therein or administrative practice after the date of this Prospectus and before the date on which the relevant Notes are issued.

#### *Notes in New Global Note form*

The New Global Note form has been introduced to allow for the possibility of Notes 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. However, in any particular case such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time. Investors should make their own assessment as to whether the Notes meet such Eurosystem eligibility criteria.

#### *Integral multiples of less than €100,000*

Notes which are admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive may have a minimum Specified Denomination of €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes). If so specified in the applicable Final Terms, such Notes may be traded in the minimum Specified Denomination and one or more integral multiple of another smaller amount in excess thereof. In such a case, a holder who, as a result of trading such amounts, is left with an amount that is less than the minimum Specified Denomination in its account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be provided) and may need to purchase or sell a principal amount of Notes such that its holding amounts to at least the minimum Specified Denomination (or an integral multiple thereof) on or before the relevant date on which definitive Notes are to be issued.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

#### *The return on an investment in Notes will be affected by charges incurred by Investors*

An Investor's total return on an investment in Notes will be affected by the level of fees charged to the Investor, including fees charged to the Investor as a result of the Notes being held in a clearing system. Such fees may include charges for opening accounts, transfers of securities, custody services and fees for payment of principal, interest or other sums due under the terms of the Notes. Investors should carefully investigate these fees before making their investment decision.

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

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

#### *The secondary market generally; current lack of liquidity*



Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, Investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of Investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

Illiquidity may have a severely adverse effect on the market value of Notes and Investors may suffer losses on the Notes in secondary market transactions even if there is no decline in the performance of the Issuer.

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

The Issuer will pay principal and interest on the Notes in the Specified Currency as set out in the applicable Final Terms. 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 (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

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 interest or principal than expected, or no interest or principal or receive payments in a significantly devalued Specified Currency.

#### *Interest rate risks*

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

#### *Credit ratings might not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings might not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("ESMA") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings will be disclosed in the Final Terms.

There is no assurance that a rating will remain for any given period of time or that a rating will not be suspended, lowered or withdrawn by the relevant rating agency if, in its judgement, circumstances in the future so warrant. In the event that a rating assigned to the Notes or the Issuer is subsequently suspended, lowered or withdrawn for any reason, no person or entity is obliged to provide any additional support or credit enhancement with respect to the Notes, the Issuer may be adversely affected, the market value of the Notes is likely to be adversely affected and the ability of the Issuer to make payments under the Notes may be adversely affected.

#### *Interest of Dealers*

Certain Dealers and their affiliates have engaged, and may in the future engage, in investment bank and/or commercial banking transactions with, and may perform services for, of the Issuer in the ordinary course of business.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The Issuer may sell Notes to one or more of the Dealers including Scotiabank Europe plc. Scotiabank Europe plc is a wholly-owned subsidiary of the Bank. The terms of the Programme were negotiated at arms-length between the Issuer and the Dealers. In addition to any proceeds from any offering of the Notes under the Programme being applied, directly or indirectly for the benefit of Scotiabank Europe plc in its capacity as a wholly-owned indirect subsidiary of the Bank, it will receive a portion of any fees and commissions payable in connection with any such offering of Notes in its capacity as a Dealer.

## THE BANK OF NOVA SCOTIA

### History and Development of the Bank

The Bank was granted a charter under the laws of the Province of Nova Scotia in 1832 and commenced operations in Halifax, Nova Scotia in that year. Since 1871, the Bank has been a chartered bank under the Bank Act. The Bank is a Schedule I bank under the Bank Act and the Bank Act is its charter. The head office of the Bank is located at 1709 Hollis Street, Halifax, Nova Scotia, B3J 3B7 and its executive offices are at Scotia Plaza, 44 King Street West, Toronto, Ontario M5H 1H1.

The Bank is a leading multinational financial services provider and Canada's most international bank. Through its team of more than 75,000 employees, the Bank and its affiliates offer a broad range of products and services, including retail, commercial, corporate and investment banking to over 19 million customers in more than 55 countries around the world.

Certain information regarding the Bank is incorporated by reference into this Prospectus. See "Documents Incorporated by Reference".

### Principal Activities and Markets

The Bank has four major business lines: Canadian Banking, International Banking, Global Banking and Markets and Global Wealth Management. Each of these four major business lines is discussed below and additional information on the Bank's business lines is available in Management's Discussion and Analyses of Financial Condition and Results of Operations for the year ended October 31, 2011, on pages 53 to 62 inclusive, accompanying the Bank's audited consolidated financial statements for the fiscal year ended October 31, 2011, incorporated by reference herein.

#### *Canadian Banking*

Canadian Banking provides a range of banking and investing services to more than 7.6 million customers across Canada, through a network of 1,030 branches, 3,027 automated banking machines ("ABMs"), as well as internet, mobile and telephone banking, and third party channels. Canadian Banking is comprised of two main businesses: Retail and Small Business Banking and Commercial Banking. A description of each is outlined below:

- Retail and Small Business Banking provides financial advice and solutions that include day-to-day banking products, including debit cards, deposit accounts, credit cards, investments, mortgages, loans, and related creditor insurance products to individuals and small businesses.
- Commercial Banking delivers advisory services and a full product suite to medium and large businesses, including banking, cash management, and a broad array of lending and deposit services.

#### *International Banking*

International Banking encompasses the Bank's retail and commercial banking operations in more than 50 countries outside Canada – an international presence unmatched by other Canadian banks. With operations in the Caribbean and Central America, Latin America and Asia, the Bank has more than 62,000 employees (including subsidiaries and affiliates) who provide a full range of Personal and Commercial financial services to more than 11.5 million customers through a network of over 2,500 branches and offices, 5,670 ABMs, telephone and Internet banking, in-store banking kiosks, and specialized sales forces.

#### *Global Banking and Markets*

Global Banking and Markets is the wholesale banking arm of the Bank. It offers a wide variety of products to corporate, government and institutional investor clients. Global Banking and Markets is a full-service lender and investment dealer in Canada and Mexico and offers a wide range of products in the

United States and other parts of Latin America. It also provides select products and services to niche markets in Europe and Asia. Global Banking and Markets provides corporate lending, equity and debt underwriting, and mergers and acquisitions advisory services, as well as capital markets products and services, such as fixed income, derivatives, prime brokerage, securitization, foreign exchange, equity sales, trading and research and, through ScotiaMocatta, precious and base metals.

### *Global Wealth Management*

Global Wealth Management combines the wealth management and insurance operations in Canada and internationally. Global Wealth Management is diversified across multiple geographies, product lines and strong businesses.

### *Competition*

The Canadian banking system consists of six major Canadian banks, each of which maintains an extensive branch network, augmented with ABMs, telephone, Internet and mobile banking facilities. In addition to the six major Canadian banks, the banking system includes 17 smaller domestic banks, 54 foreign banks and more than 800 credit unions and caisses populaires. In total, the Canadian financial services industry includes more than 3,500 institutions such as life insurance companies, property and casualty insurers, consumer finance companies, independent investment dealers and independent retail mutual fund management companies.

The Bank provides a broad range of banking and other financial services to retail, commercial and corporate banking clients in Canada, the United States, Mexico, the Caribbean and Central America, Latin America and Asia either directly or through subsidiaries. In providing these services, the Bank competes with local and international banks and other financial institutions.

Competition is reflected in the range of products and services offered, innovation in features, services, technology and delivery and the different pricing adopted. Canada was ranked second in the world in terms of the variety of financial products and services offered here, according to a 2010 survey by the World Economic Forum. Another good measure of the competition in the sector is the narrow margins in Canada. Canada has ranked among the countries with the lowest interest rate spreads in recent years. Increased access to the Canadian payments system has also contributed to increased competition in the marketplace. Recent changes to the Canadian Payments Act allow life insurance companies, securities dealers and money market mutual funds to offer clients chequing privileges on their accounts and permits clients to conduct electronic commerce through direct access to the Interac debit system. The number of new entrants into the financial services sector in recent years has also underscored the level of competition. A total of 18 new entrants, including seven banks and 11 foreign bank branches or subsidiaries, received charters from the federal bank regulator between 2006 and 2011.

### **Organizational Structure**

The Bank's principal subsidiaries as at October 31, 2011 were:

## Schedule A

### Principal Subsidiaries<sup>(1)</sup>

As at October 31, 2011 (\$ millions)	Principal office	Carrying value of shares
<b>Canadian</b>		
BNS Investments Inc.	Toronto, Ontario	\$11,259
Montreal Trust Company of Canada	Montreal, Quebec	
Scotia Merchant Capital Corporation	Toronto, Ontario	
Dundee Bank of Canada	Toronto, Ontario	\$ 752
DundeeWealth Inc.	Toronto, Ontario	\$ 3,571
National Trustco Inc.	Toronto, Ontario	\$ 601
The Bank of Nova Scotia Trust Company	Toronto, Ontario	
National Trust Company	Stratford, Ontario	
RoyNat Inc.	Toronto, Ontario	\$ 19
Scotia Asset Management L.P.	Toronto, Ontario	\$ 322
Scotia Capital Inc.	Toronto, Ontario	\$ 421
Scotia Dealer Advantage Inc.	Burnaby, British Columbia	\$ 150
Scotia Insurance Agency Inc.	Toronto, Ontario	\$ 2
Scotia Life Insurance Company	Toronto, Ontario	\$ 109
Scotia Mortgage Corporation	Toronto, Ontario	\$ 307
Scotia Securities Inc.	Toronto, Ontario	\$ 46
Scotiabank Capital Trust <sup>(2)</sup>	Toronto, Ontario	\$ 22
Scotiabank Subordinated Notes Trust <sup>(2)</sup>	Toronto, Ontario	\$ 8
Scotiabank Tier 1 Trust <sup>(2)</sup>	Toronto, Ontario	\$ 4
<b>International</b>		
The Bank of Nova Scotia Berhad	Kuala Lumpur, Malaysia	\$ 240
The Bank of Nova Scotia International Limited	Nassau, Bahamas	\$ 9,580
BNS (Colombia) Holdings Limited (99.9%)	Nassau, Bahamas	
Scotiabank Caribbean Treasury Limited	Nassau, Bahamas	
BNS International (Barbados) Limited	Warrens, Barbados	
Grupo BNS de Costa Rica, S.A.	San Jose, Costa Rica	
The Bank of Nova Scotia Asia Limited	Singapore	
The Bank of Nova Scotia Trust Company (Bahamas) Limited	Nassau, Bahamas	
Scotiabank & Trust (Cayman) Ltd.	Grand Cayman, Cayman Islands	
Scotia Insurance (Barbados) Limited	Warrens, Barbados	
Scotiabank (Bahamas) Limited	Nassau, Bahamas	
Scotiabank (Belize) Ltd.	Belize City, Belize	
Scotiabank (British Virgin Islands) Limited	Road Town, Tortola, B.V.I.	
Scotiabank (Hong Kong) Limited	Hong Kong, China	
Scotiabank (Ireland) Limited	Dublin, Ireland	
Scotiabank (Turks and Caicos) Ltd.	Providenciales, Turks and Caicos Islands	
Grupo Financiero Scotiabank Inverlat, S.A. de C.V. (97.3%)	Mexico, D.F., Mexico	\$ 2,225
Nova Scotia Inversiones Limitada	Santiago, Chile	\$ 2,177
Scotiabank Chile, S.A. (99.5%)	Santiago, Chile	
Scotia Capital (Europe) Limited	London, England	\$ 79
Scotia Capital (USA) Inc	New York, New York	<sup>(3)</sup>
Scotia Group Jamaica Limited (71.8%)	Kingston, Jamaica	\$ 504
The Bank of Nova Scotia Jamaica Limited	Kingston, Jamaica	
Scotia Investments Jamaica Limited (77.0%)	Kingston, Jamaica	
Scotia Holdings (US) Inc.	Houston, Texas	<sup>(4)</sup>
The Bank of Nova Scotia Trust Company of New York	New York, New York	
Scotiabanc Inc.	Houston, Texas	
Scotia International Limited	Nassau, Bahamas	\$ 745
Scotiabank Anguilla Limited	The Valley, Anguilla	
Scotiabank Brasil S.A. Banco Multiplo	San Paulo, Brazil	\$ 155
Scotiabank de Puerto Rico	Hato Rey, Puerto Rico	\$ 798
Scotiabank El Salvador, S.A. (99.5%)	San Salvador, El Salvador	\$ 406
Scotiabank Europe plc	London, England	\$ 1,847
Scotiabank Peru S.A.A. (97.7%)	Lima, Peru	\$ 2,016
Scotiabank Trinidad and Tobago Limited (50.9%)	Port of Spain, Trinidad and Tobago	\$ 233

(1) The Bank owns 100% of the outstanding voting shares of each subsidiary unless otherwise noted. The listing includes major operating subsidiaries only.

(2) In terms of current accounting standards, this entity is not consolidated as the Bank is not the primary beneficiary.

(3) The carrying value of this subsidiary is included with that of its parent, Scotia Capital Inc.

(4) The carrying value of this subsidiary is included with that of its parent, BNS Investments Inc.

The Bank also engages in business in its own right. Its assets are therefore comprised of both shares in the above subsidiaries and assets and liabilities acquired in the conduct of its own business. It is part dependent on the members of the Scotiabank Group and the revenues recovered by them.

### Trend Information

Since October 31, 2011, there has been no material adverse change in the prospects of the Bank and its subsidiaries, and since April 30, 2012 there has been no significant change in the financial or trading position of the Bank and its subsidiaries.

## Directors and Board Committees of the Bank

The Directors of the Bank as of the date hereof are as follows:

<u>Name</u>	<u>Board Committee memberships</u>	<u>Principal Occupation/ Outside Activities</u>
JOHN THOMAS MAYBERRY, C.M.	ERC CGPC ACRC  Ex-officio member of HRC	Non-executive Chairman of The Bank of Nova Scotia and Corporate Director
RICHARD EARL WAUGH	ERC	President and Chief Executive Officer, The Bank of Nova Scotia
RONALD ALVIN BRENNEMAN	ERC HRC	Corporate Director and retired Executive Vice Chairman, Suncor Energy Inc.
CHOONG JOONG CHEN	CGPC	Counsel, Rajah & Tann LLP
DAVID ALLISON DODGE, O.C.	ERC	Senior Advisor, Bennett Jones LLP
NANCY ASHLEIGH EVERETT	CGPC - Chair ERC	President, Corporate Secretary and Director, Royal Canadian Securities Limited
JOHN CUSTANCE KERR, C.M., O.B.C., LL.D.	HRC – Chair ERC	Chairman, Lignum Investments Ltd., the managing partner of Lignum Forest Products LLP, and President of the Vancouver Professional Baseball LLP
THOMAS CHARLES O'NEILL	ACRC - Chairman ERC	Corporate Director and retired Chair of the Board of PwC Consulting
DR. INDIRA VASANTI SAMARASEKERA, O.C., PH.D.	ACRC HRC	President and Vice-Chancellor of the University of Alberta
SUSAN LOUISE SEGAL	ACRC CGPC	President and Chief Executive Officer of the Americas Society and Council of the Americas
ALLAN CAMERON SHAW, C.M., LL.D.	ERC – Chair HRC	Non-Executive Chairman, The Shaw Group Holding Limited
PAUL DAVID SOBEY	ACRC CGPC	President and Chief Executive Officer, Empire Company Limited
BARBARA SUSAN THOMAS	ACRC HRC	Corporate Director

### Notes:

ACRC – Audit and Conduct Review Committee

CGPC – Corporate Governance and Pension Committee

ERC – Executive and Risk Committee

HRC – Human Resource Committee

The business address of the Directors of the Bank is The Bank of Nova Scotia, Scotia Plaza, 44 King Street West, Toronto, Ontario M5H 1H1, which is the executive office of the Bank.

There are no potential conflicts of interest between any duties owed to the Bank by the Directors and the private interests and/or other external duties owed by these individuals.

## Major Shareholders

Without Minister of Finance of Canada (the “Minister”) approval, no person or group of associated persons may own more than 10% of any class of shares of the Bank. No person may be a major shareholder of a bank if the bank has equity of \$12 billion or more (which would include the Bank). A person is a major shareholder of a bank if: (a) the aggregate of shares of any class of voting shares beneficially owned by that person and that are beneficially owned by any entities controlled by that person is more than 20% of that class of voting shares; or (b) the aggregate of shares of any class of non-voting shares beneficially owned by that person and that are beneficially owned by any entities controlled by that person is more than 30% of that class of non-voting shares. Ownership of the Bank’s shares by Canadian or foreign governments is prohibited under the Bank Act. However, in 2009 certain amendments were made to the Bank Act that would permit the Canadian federal government to acquire shares of a bank, including the Bank, if the Minister and Governor in Council were to conclude that to do so was necessary to promote stability in the financial system. While the government holds any shares of a bank, including the Bank, the Minister may impose certain terms and conditions, including conditions on the payment by the Bank of dividends on any of its shares.

## Selected Financial Information

### *Financial Summary*

The financial data in the tables below has been extracted without material adjustment from the audited consolidated balance sheet and statement of income of the Bank for the years ended October 31, 2011 and October 31, 2010 contained in the Bank’s 2011 Annual Report.

### Condensed Consolidated Balance Sheet

<u>(Amounts in millions of Canadian dollars)</u>	As at October 31	
	2011	2010
Cash Resources .....	\$54,471	\$46,027
Securities .....	119,873	116,563
Securities Purchased Under Resale Agreements .....	34,582	27,920
Loans .....	298,702	284,224
Other Assets .....	67,628	51,923
Total Assets .....	<u>\$575,256</u>	<u>\$526,657</u>
Deposits .....	\$396,376	\$361,650
Other Liabilities .....	139,557	130,358
Subordinated Debentures .....	5,923	5,939
Capital Instrument Liabilities * .....	-	500
Total equity attributable to equity holders of the Bank .....	32,760	27,631
Non-controlling interest .....	640	579
Total Liabilities and Shareholders’ Equity .....	<u>\$575,256</u>	<u>\$526,657</u>

\*On December 31, 2010, BNS Capital Trust redeemed all issued and outstanding Scotiabank Trust Securities – Series 2000-1. On May 16, 2012, the Bank announced that Scotiabank Capital Trust intends to redeem all issued and outstanding Scotiabank Trust Securities Series 2002-1 on June 30, 2012.

## Condensed Consolidated Statement of Income

<u>(Amounts in millions of Canadian dollars)</u>	For the Year ended October 31	
	2011	2010
Net Interest Income .....	\$9,270	\$8,621
Other Income .....	8,018	6,884
Provision for Credit Losses .....	1,046	1,239
Net Interest and Other Income .....	\$16,242	\$14,266
Non-Interest Expenses .....	9,564	8,182
Provision for Income Taxes .....	1,410	1,745
Non-controlling Interest in Net Income of Subsidiaries .....	93	100
Net Income Attributable to Equity Holders of the Bank .....	\$5,175	\$4,239

### Material Contracts

The Bank has not entered into any contracts outside the ordinary course of the Bank's business which could materially affect the Bank's obligations in respect of any Notes to be issued by the Bank other than, with respect to any Notes, the contracts described in "Terms and Conditions of the Notes".

### Auditors

KPMG LLP, Chartered Accountants, Bay Adelaide Centre, 333 Bay Street, Suite 4600, Toronto, Ontario M5H 2S5. KPMG LLP has been selected to serve as auditors for the Bank for the 2012 fiscal year.

The reports of the auditors in respect of the annual consolidated financial statements of the Bank for the fiscal years 2011 and 2010 did not contain any qualifications.

KPMG LLP is independent with respect to the Bank within the meaning of the Rules of Professional Conduct/Code of Ethics of the Institute of Chartered Accountants of Ontario.

### Legal and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Bank is aware), during the 12 month period preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the Bank's and the Bank's subsidiaries (taken as a whole) financial position or profitability.

### Ratings

Each of Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Financial Services LLC ("S&P"), Fitch, Inc. ("Fitch") and DBRS Limited ("DBRS") has provided the following issuer ratings for the Bank as set out on page 15 of the Bank's Annual Information Form incorporated by reference in this Prospectus:

	Moody's	S&P	Fitch	DBRS
Senior long-term debt/ deposits	Aa1	AA-	AA-	AA
Subordinated debt	Aa2	A	A+	AA (low)
Short-term deposits/ commercial paper	P-1	A-1+	F1+	R-1 (high)
Non-cumulative preferred shares	A3	A/P-1 (low)*	Not rated	Pfd-1 (low)

\*Canadian scale



None of S&P, Moody's, Fitch or DBRS (the "non-EU CRAs") is established in the European Union or has applied for registration under the CRA Regulation. The ratings have been endorsed by each of Standard and Poor's Credit Market Services Europe Ltd., Moody's Investors Service Ltd., DBRS Ratings Limited and Fitch Ratings Limited (the "EU CRAs"), as applicable, which are affiliates of S&P, Moody's, Fitch and DBRS, respectively, in accordance with the CRA Regulation. Each EU CRA is established in the European Union and registered under the CRA Regulation. As such each EU CRA is included in the list of credit rating agencies published by the European Securities and Markets Authority ("ESMA") on its website in accordance with the CRA Regulation. ESMA has indicated that ratings issued in Canada which have been endorsed by an EU CRA may be used in the EU by the relevant market participants.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions of the Notes (the “Conditions”) which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the applicable Final Terms, will be applicable to the Notes and, subject further to simplification by deletion of non-applicable provisions, will be endorsed on Notes in definitive form (if any). Details of the relevant Series will be set out in Part A of the applicable Final Terms and, in the case of the issue of Notes in definitive form, the relevant portions will be endorsed on the definitive form of Note. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes which may be issued under the Programme. In addition, the Conditions applicable to Global Notes are modified or supplemented by additional provisions; see “Summary of Provisions Relating to the Notes while in Global Form” below. The applicable Final Terms in relation to a Tranche of Notes may specify other terms and conditions (including the Additional Terms and Conditions as described below) which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. Capitalised terms not defined in the Conditions but which are defined in the applicable Final Terms will have the meanings given them in Part A of such Final Terms and “herein”, “hereof” or “hereon” when used in the Conditions shall include a reference to such Final Terms where appropriate.*

*The Additional Terms and Conditions contained in Annex 1 in the case of Index Linked Notes, Annex 2 in the case of Equity Linked Notes, Annex 3 in the case of Commodity Linked Notes, Annex 4 in the case of Credit Linked Notes, Annex 5 in the case of Fund Linked Notes and Annex 6 in the case of Physical Delivery Notes (each as defined below) will apply to the Notes if specified in the applicable Final Terms.*

This Note is one of a Series of notes (the “Notes”), which expression shall mean (i) in regard to any Notes represented by a Note in temporary global form or in permanent global form (each a “Global Note”) or a Note in registered form, units of the lowest Specified Denomination in the Currency specified hereon of the relevant Notes, (ii) any Note in definitive form issued in exchange for a Global Note, and (iii) any Global Note. The Notes are issued pursuant to an Amended and Restated Agency Agreement dated June 27, 2012 (as amended or supplemented from time to time, the “Agency Agreement”), between The Bank of Nova Scotia (the “Bank” or the “Issuer”), The Bank of Nova Scotia, London Branch as fiscal agent (the “Fiscal Agent”) and principal paying agent, transfer agent and registrar (the “Registrar”), The Bank of Nova Scotia, Global Wholesale Services as paying agent (together with the Fiscal Agent and any additional or other paying agents in respect of the Notes from time to time appointed, the “Paying Agents”) and transfer agent (together with the Fiscal Agent and any additional or other transfer agents in respect of the Notes from time to time appointed, the “Transfer Agents”), and with the benefit of a Deed of Covenant (as further amended or supplemented from time to time, the “Deed of Covenant”) dated June 27, 2012 executed by the Issuer. The initial Calculation Agent(s) (if any) is specified in the applicable Final Terms. The Noteholders (as defined below), the holders of the interest coupons (the “Coupons”) appertaining to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “Talons”) (the “Couponholders”) and the holders of the instalment receipts (the “Receipts”) appertaining to the payment of principal by instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

As used herein, “Series” means all Notes which are denominated in the same currency, which have the same Maturity Date and the same Interest Basis and Redemption/Payment Basis, if any, all as indicated in the applicable Final Terms, and the terms of which, save for the Issue Date, the Interest Commencement Date and/or the Issue Price (as indicated as aforesaid) are otherwise identical (including whether or not the Notes are listed). As used herein, “Tranche” means all Notes of the same Series with the same Issue Date and Interest Commencement Date. The Final Terms applicable to a Tranche of Notes are set out in Part A of the Final Terms attached to or endorsed on the Note which supplement these Terms and Conditions (the “Conditions”) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace, supplement or modify the Conditions of the Series for the purposes of such Notes. References to “the applicable Final Terms” are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on the Notes.

Copies of the Agency Agreement and Deed of Covenant are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents. Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

## **1. Form, Denomination and Title**

The Notes are issued in the form specified in the applicable Final Terms. Notes issued in bearer form are referred to herein as “Bearer Notes”, which expression includes Notes which are specified to be Exchangeable Bearer Notes. Notes issued in registered form are referred to herein as “Registered Notes”. Notes issued in bearer form exchangeable for Registered Notes are referred to herein as “Exchangeable Bearer Notes”. Bearer Notes in definitive form will be serially numbered, in the Specified Currency and in the Specified Denomination(s). Notes will be in such denominations as may be specified in the applicable Final Terms, provided that in the case of any Notes which are to be admitted to trading on a regulated market within the EEA or offered to the public in a Member State of the EEA in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum denomination shall be €1,000 (or the equivalent of such amounts in another currency as at the date of issue of the Notes), save that the minimum denomination of each Note shall in each case comply with all applicable legal, regulatory and central bank requirements.

*So long as the Bearer Notes are represented by a temporary Global Note or permanent Global Note and the relevant clearing system(s) so permit, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) provided in the applicable Final Terms and, if so provided in the applicable Final Terms, higher integral multiples of at least 1,000 in the relevant currency (the “Integral Amount”), notwithstanding that no definitive Notes will be issued with a denomination above the Definitive Amount in such currency. For purposes of these conditions, the “Definitive Amount” shall be equal to two times the lowest Specified Denomination minus the Integral Amount.*

Bearer Notes shall be issued in the new global note form if so specified in the applicable Final Terms.

The Notes may be Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Commodity Linked Interest Notes, Fund Linked Interest Notes, or a combination of any of the foregoing, in each case depending on the Interest Basis specified in the applicable Final Terms.

Notes may be Instalment Notes, Partly Paid Notes, Index Linked Redemption Notes (together with Index Linked Interest Notes, “Index Linked Notes”), Equity Linked Redemption Notes (together with Equity Linked Interest Notes, “Equity Linked Notes”), Commodity Linked Redemption Notes (together with Commodity Linked Interest Notes “Commodity Linked Notes”), Credit Linked Notes, Fund Linked Redemption Notes (together with Fund Linked Interest Notes, “Fund Linked Note”) or a combination of the foregoing, in each case depending on the Redemption/Payment basis specified in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons (and, where appropriate, a Talon for further Coupons) attached, save in the case of Notes which do not bear interest in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. The expression “Coupons” shall, where the context so requires, include Talons. Any Bearer Note the principal amount of which is redeemable in instalments is issued with one or more Receipts attached.

If the applicable Final Terms specify the Note as a Physical Delivery Note, being a Note to be redeemed by delivery of the Entitlement, Annex 6 to the Conditions – “Additional Terms and Conditions for Physical Delivery Notes” shall apply.

Title to Bearer Notes, Receipts or Coupons shall pass by delivery. The holder of each Coupon, whether or not such Coupon is attached to a Bearer Note, in his capacity as such, shall be subject to and bound by all the provisions contained in the relevant Bearer Note. The holder of any Bearer Note, the holder of any Receipt (a "Receiptholder") and any Couponholder may, to the fullest extent permitted by applicable laws be treated at all times, by all persons and for all purposes as the absolute owner of such Note, Receipt or Coupon, as the case may be, regardless of any notice of ownership, theft or loss or of any writing thereon.

Registered Notes are represented by certificates ("Certificates"), each Certificate representing one or more Notes registered in the name of the recorded holder of such Certificate. Certificates for Registered Notes shall be issued in the lowest Specified Denomination or an integral multiple thereof.

Title to the Registered Notes shall pass by registration in the register which the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement. Except as ordered by a court of competent jurisdiction or as required by law, the registered holder of any Registered Note, Receipt or Coupon shall be deemed to be and may be treated as the absolute owner of such Registered Note, Receipt or Coupon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Registered Note, Receipt or Coupon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone.

In these Conditions, "Noteholder" means the bearer of any Bearer Note in definitive form and the Coupons, Talons and Receipts relating to it, the person in whose name a Registered Note in definitive form is registered and unless otherwise specifically provided herein, in the case of a Global Note or a Global Certificate, a person that beneficially owns one or more Notes represented thereby. In addition, "holder" (in relation to a Note, Receipt or Coupon) has the corresponding meaning and capitalised terms have the meanings given to them herein; the absence of any such meaning indicating that such term is not applicable to the Notes.

## **2. Exchange of Exchangeable Bearer Notes and Transfers of Registered Notes**

### **(a) *Exchange of Exchangeable Bearer Notes:***

Subject as provided in Condition 2(e), Exchangeable Bearer Notes may be exchanged for the same aggregate principal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts and Coupons relating to it, at the specified office of the Registrar or any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 6(b)) for any payment of interest or Instalment Amount, the Coupon in respect of that payment of interest or Receipt in respect of that Instalment Amount need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one denomination may not be exchanged for Bearer Notes of another denomination. Bearer Notes which are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

### **(b) *Transfer of Registered Notes:***

Subject as provided in Condition 2(e), one or more Registered Notes may be transferred upon the surrender of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate duly completed and executed, at the specified office of the Registrar or any Transfer Agent. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate in respect of the balance not transferred will be issued to the transferor.

### **(c) *Delivery of new Certificates:***

Each new Certificate to be issued upon exchange of Exchangeable Bearer Notes or transfer of Registered Notes will, within three business days (being a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Transfer Agent or the Registrar to whom such request for exchange or form of transfer shall have been delivered, as the case may be) of receipt of such request for exchange or form of transfer, be available for delivery at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom such delivery shall have been made or, at the option of the holder making such delivery as aforesaid and as specified in the relevant request for exchange or form of transfer, be mailed at the risk of the holder entitled to the new Certificate to such address as may be specified in such request for exchange or form of transfer.

(d) ***Exchange free of charge:***

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

(e) ***Closed periods:***

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for a Registered Note (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be redeemed by the Issuer at its option pursuant to Condition 5(e) or (iii) after any such Note has been drawn for redemption in whole or in part. An Exchangeable Bearer Note called for redemption may, however, be exchanged for a Registered Note in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

### **3. Status**

(a) ***Status of Deposit Notes:***

The Deposit Notes (being those Notes which specify their status as Deposit Notes in the applicable Final Terms) will constitute deposit liabilities of the Bank and, together with the Receipts and Coupons relating to them, will rank *pari passu* with all present or future deposit liabilities of the Bank (except as otherwise prescribed by law) and without any preference amongst themselves. Deposit Notes issued by a branch of the Bank outside of Canada will be paid without the necessity of being presented for payment at such branch.

(b) ***Status of Subordinated Notes:***

The Subordinated Notes (being those Notes which specify their status as Subordinated Notes in the applicable Final Terms) and the Coupons relating to them will, in the event of the insolvency or winding-up of the Bank, be subordinate in right of payment to all deposit liabilities of the Bank and all other liabilities of the Bank except those that, by their terms, rank equally with or are subordinate to the Subordinated Notes. The Subordinated Notes constitute direct, unconditional and unsecured obligations of the Bank and rank *pari passu* and rateably without any preference amongst themselves and in priority to the claims of shareholders of the Bank.

### **4. Interest and Other Calculations**

Notes may be interest bearing or non-interest bearing as specified in the applicable Final Terms.

(a) ***Interest on Fixed Rate Notes:***

Each Fixed Rate Note bears interest on its outstanding Principal Amount from and including the Interest Commencement Date at the rate(s) per annum (expressed as a percentage) equal to the Interest Rate, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be calculated in accordance with Condition 4(f).

Unless otherwise specified in the applicable Final Terms the amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on, but excluding such date, will amount to the Fixed Coupon Amount. Payment of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

(b) ***Business Day Convention:***

If any date referred to in these Conditions which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Relevant Business Day, then, if the Business Day Convention specified is (i) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day unless it would thereby fall into the next calendar month, in which event (A) such date shall be brought forward to the immediately preceding Relevant Business Day and (B) each subsequent such date shall be the last Relevant Business Day of the month in which such date would have fallen had it not been subject to adjustment, (ii) the Following Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Relevant Business Day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Relevant Business Day.

(c) ***Interest Rate on Floating Rate Notes, Index Linked Interest Notes, Equity Linked Interest Notes, Commodity Linked Interest Notes and Fund Linked Interest Notes:***

Each Floating Rate Note, Index Linked Interest Note, Equity Linked Interest Note, Commodity Linked Interest Note and Fund Linked Interest Note bears interest on its outstanding Principal Amount from and including the Interest Commencement Date, such interest being payable in arrear on either (i) Interest Payment Date(s) in each year specified in the applicable Final Terms; or (ii) if no Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (also an "Interest Payment Date") which falls the number of months or other period specified as the Interest Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. The amount of interest payable shall be determined in accordance with Condition 4(f).

The Interest Rate for each Interest Accrual Period or Interest Period will be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period or Interest Period in the manner specified in the applicable Final Terms:

(i) **Screen Rate Determination for Floating Rate Notes**

If the Primary Source for the Floating Rate Notes is Screen Rate, the Interest Rate for each Interest Period will be:

- (x) the Relevant Rate (where such Relevant Rate on the Relevant Screen Page is a composite quotation or is customarily supplied by one entity); or
- (y) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on the Relevant Screen Page,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date;

(ii) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (i)(x) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (i)(y) above applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Interest Rate shall be the arithmetic mean of the Relevant Rates which each of the Reference Banks is quoting to major banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent;

(iii) if paragraph (ii) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Interest Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) which the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Relevant Currency which at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Relevant Currency or, if the Relevant Currency is euro in the principal financial centre of those member states that are participating in the European economic and monetary union whose lawful currency is the euro (the “Eurozone”) as selected by the Calculation Agent (either of such centres to be referred to herein as the “Principal Financial Centre”) are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration to leading banks carrying on business in Europe, or, if the Calculation Agent determines that fewer than two of such banks are so quoting, in the Principal Financial Centre, except that, if fewer than two of the banks in the Principal Financial Centre so selected by the Calculation Agent are quoting as aforesaid, the Interest Rate shall be the Interest Rate determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Interest Rate applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

(d) ***Interest Rate on Zero Coupon Notes:***

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

(e) ***Margin, Maximum/Minimum Interest Rates, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding:***

(i) If any Margin or Rate Multiplier is specified in the applicable Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods or Interest Periods), an adjustment shall be made to all Interest Rates, in the case of (x), or the Interest Rates for the specified Interest Accrual Periods or Interest Periods, in the case of (y), calculated in accordance with (c) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.

(ii) If any Maximum Interest Rate or Minimum Interest Rate, Instalment Amount or Redemption Amount is specified in the applicable Final Terms, then any Interest Rate, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(f) ***Calculations:***

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Period or Interest Accrual Period or such other period shall be equal to the product of the Interest Rate (adjusted as required by Condition 4(e)), the Calculation Amount specified in the applicable Final Terms and the Day Count Fraction for such Interest Period or Interest Accrual Period or such other period, unless an Interest Amount (or a formula for its calculation) is specified in respect of such Interest Period or Interest Accrual Period or other period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such period will equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, as specified in the applicable Final Terms, the amount of interest payable per Calculation Amount in respect of such Interest Period will be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods, unless otherwise specified.

In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with halves being rounded up), (y) all figures will be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts which fall due and payable will be rounded to the nearest sub-unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen.

For these purposes “sub-unit” means with respect to any currency other than the euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means 0.01 euro.

(g) ***Determination and Publication of Interest Rates, Interest Amounts, Redemption Amounts and Instalment Amounts:***

The Calculation Agent shall, as soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any Interest Rate, Interest Amount, Redemption Amount or Instalment Amount, obtain any quote or make any determination or calculation, it will determine the Interest Rate and calculate the Interest Amount in respect of each Calculation Amount of the Notes for the relevant Interest Accrual Period or Interest Period, calculate the Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period or Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes which is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange or other relevant authority and such exchange or other relevant authority so requires, such exchange or other relevant authority as soon as practicable after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of an Interest Rate and Interest Amount, or (ii) in all other cases, the fourth Relevant Business Day after such determination. The Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made. The determination of each Interest Rate, Interest Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.



(h) **Interest Accrual:**

Interest will cease to accrue on each such Note (or in the case of partial redemption of a Note, that part only of such Note) on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) until whichever is the earlier of:

(i) the date on which all amounts due in respect of such Note have been paid and/or all assets deliverable in respect of such Note have been delivered; and

(ii) five days after the date on which full payment of the moneys payable in respect of such Note has been received by the Fiscal Agent and/or all assets in respect of such Note have been received by any agent appointed by the Issuer to deliver such assets to Noteholders and notice to that effect has been given to the Noteholders in accordance with Condition 13, provided that if:

(A) “Accrual of Interest upon Credit Event” is specified as Not Applicable in the applicable Final Terms, each Note shall cease to bear interest from the Interest Payment Date immediately preceding the Event Determination Date, or if the Event Determination Date is an Interest Payment Date such Interest Payment Date, or if the Event Determination Date falls prior to the first Interest Payment Date, no interest shall accrue on the Notes; or

(B) “Accrual of Interest upon Credit Event” is specified as Applicable in the applicable Final Terms, each Note shall cease to bear interest from the Event Determination Date.

(i) **Definitions:**

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

“Benchmark” means the benchmark specified in the Final Terms.

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time not comprising a complete year (whether or not constituting an Interest Period or Interest Accrual Period, the “Calculation Period”):

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

(ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365;

(iii) if “Actual/Actual — ICMA” is specified in the applicable Final Terms;

(A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year.

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

(iv) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360;

(v) if “Actual/365 Sterling” is specified in the Final Terms, the actual number of days in the Calculation Period divided by 365, or in the case of an Interest Payment Date falling in a leap year, 366;

(vi) if “30/360” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

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

where:

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

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

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30; and

(vii) if “30E/360” or “Eurobond Basis” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30.

“Effective Date” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such in the applicable Final Terms or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

“Interest Accrual Period” means the period beginning on, and including, the Interest Commencement Date and ending on, but excluding, the first Interest Period Date and each successive period beginning on, and including, an Interest Period Date and ending on, but excluding, the next succeeding Interest Period Date.

“Interest Amount” means the amount of interest payable per Calculation Amount calculated in accordance with Condition 4(f) or as specified in the applicable Final Terms and in the case of Fixed Rate Notes, if so specified in the applicable Final Terms, shall mean the Fixed Coupon Amount(s) or Broken Amount(s).

“Interest Commencement Date” means the date of issue of the Notes (the “Issue Date”) or such other date as may be specified in the applicable Final Terms.

“Interest Determination Date” means, with respect to an Interest Rate and Interest Period or Interest Accrual Period, the date specified as such in the applicable Final Terms or, if none is so specified, (i) the first day of such Interest Period or Interest Accrual Period if the Relevant Currency is Sterling or (ii) the day falling two Relevant Business Days in London prior to the first day of such Interest Period or Interest Accrual Period if the Relevant Currency is neither Sterling nor euro or (iii) the day falling two TARGET Settlement Days prior to the first day of such Interest Period or Interest Accrual Period if the Relevant Currency is the euro.

“Interest Period” means the period beginning on, and including, the Interest Commencement Date and ending on, but excluding, the first Interest Payment Date and each successive period beginning on, and including, an Interest Payment Date and ending on, but excluding, the next succeeding Interest Payment Date.

“Interest Period Date” means each Interest Payment Date unless otherwise specified in the applicable Final Terms.

“Interest Rate” means the rate of interest payable from time to time in respect of the Notes of a Series and which is either specified in or calculated in accordance with the provisions of the applicable Final Terms and in accordance with these Conditions.

“Redemption Amount” means the Final Redemption Amount, the Optional Redemption Amount or the Early Redemption Amount, as the case may be, specified in the applicable Final Terms.

“Reference Banks” means the institutions specified as such in the applicable Final Terms or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money market) which is most closely connected with the Benchmark.

“Relevant Business Day” means:

(i) in the case of a Specified Currency other than euro, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre for that currency and/or each Business Centre (if any) specified in the applicable Final Terms; and/or

(ii) in the case of euro, a TARGET Settlement Day and 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 each Business Centre (if any) specified in the applicable Final Terms.

“Relevant Currency” means the Currency specified in the applicable Final Terms or, if none is specified, the currency in which the Notes are denominated.

“Relevant Financial Centre” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the financial centre as may be specified as such in the applicable Final Terms or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which in the case of the Euro Inter-bank Offered Rate (“EURIBOR”) shall be the Eurozone) or, if none is so connected, London.

“Relevant Rate” means the Benchmark for a Representative Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuters Money 3000 Service (“Reuters”) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

“Relevant Time” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the applicable Final Terms or, if none is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre and, where the Primary Source for the Floating Rate is a Relevant Screen Page, the time as of which the Relevant Rate(s) appearing on such Relevant Screen Page is or are set and posted on such Relevant Screen Page and for this purpose “local time” means, with respect to Europe and the Eurozone as a Relevant Financial Centre, Central European Time.

“Representative Amount” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the amount specified in the applicable Final Terms or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

“Specified Duration” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the duration specified in the applicable Final Terms or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 4(b).

“TARGET2” means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on November 19, 2007 or any successor thereto.

“TARGET Settlement Day” means any day on which TARGET2 is open for the settlement of payments in euro.

(j) ***Calculation Agent and Reference Banks:***

The Issuer will procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them in the Conditions applicable to the Notes and for so long as any Notes are outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer will appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for any Interest Period or Interest Accrual Period or to calculate the Interest Amounts or any other requirements, the Issuer will appoint the London office of a leading bank engaged in the interbank market that is most closely connected with the calculation or determination to be made by the Calculation Agent to act as calculation agent in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

**5. Redemption, Purchase and Optional Redemption**

(a) ***Final Redemption:***

Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to the Issuer’s or Noteholder’s option in accordance with Condition 5(e) or (f), each Note (unless it is a Credit Linked Note and a Credit Event has occurred) will be redeemed at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date or if the Notes are specified as Physical Delivery notes in the applicable Final Terms, by delivery of the Entitlement (subject as provided in Annex 6 – *Additional Terms and Conditions for Physical Delivery Notes*) specified in or determined in the manner specified in the applicable Final Terms on the Maturity Date specified on each Note.

(b) ***Redemption for taxation reasons:***

The Notes may be redeemed at the option of the Issuer in whole, but not in part, (except in the case of Subordinated Notes, which may only be so redeemed with the consent thereto having been obtained from the Superintendent of Financial Institutions (Canada)) on any Interest Payment Date (if the Note is a Floating Rate Note, an Index Linked Interest Note, an Equity Linked Interest Note, a Commodity Linked Interest Note or a Fund Linked Interest Note) or, if so specified herein, at any time (if the Note is not a Floating Rate Note, an Index Linked Interest Note, an Equity Linked Interest Note, a Commodity Linked Interest Note or a Fund Linked Interest Note), on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount, (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or would become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of Canada or any province or territory thereof or, in the case of Notes issued by a branch of the Bank outside Canada, of the country in which such branch is located or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, or any announced prospective

change to the *Income Tax Act* (Canada) or the regulations thereunder or in the application or official interpretation thereof that, if enacted in the form proposed, would apply retroactively to and from a date prior to the date of its enactment (an "Announced Prospective Change") which change (including any Announced Prospective Change) or amendment becomes (or in the case of an Announced Prospective Change, would become) effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by two senior officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

(c) ***Purchases:***

The Issuer and any of its subsidiaries, if applicable, (with the consent of the Superintendent of Financial Institutions (Canada) in the case of Subordinated Notes) may at any time purchase Notes issued by the Issuer (provided that all unmatured Receipts (if any) and Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price.

(d) ***Early Redemption of Zero Coupon Notes:***

(i) The Early Redemption Amount payable in respect of any Note which does not bear interest prior to the Maturity Date, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 5(b) or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note.

(ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Early Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is specified in the applicable Final Terms, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually. Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the applicable Final Terms.

(iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(b) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the Maturity Date were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment), until the Relevant Date unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Early Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 4(d).

(e) ***Redemption at the Option of the Issuer and Exercise of Issuer's Options:***

If the Issuer's Option is specified as applicable in the applicable Final Terms, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Option Period, redeem or exercise any Issuer's Option in relation to, all or, if so provided in the applicable Final Terms, some of the Notes in the principal amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's Option shall be exercised by the Issuer, on the date specified in such notice in accordance with this Condition.

If so provided in the applicable Final Terms, the Issuer shall redeem a specified number of the Notes on the date or dates so provided. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption which may, if so specified in the applicable Final Terms, be payable in instalments or otherwise. Notice of such redemption shall be irrevocably given to the Noteholders in accordance with Condition 13.

In the case of a partial redemption or a partial exercise of an Issuer's Option, the notice to Noteholders shall also contain the serial numbers of the Notes to be redeemed, which shall have been drawn in such place as the Fiscal Agent may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and the requirements of any relevant stock exchange or other relevant authority.

(f) ***Redemption at the Option of Noteholders and Exercise of Noteholders' Options:***

If the Noteholders' Option is specified as applicable in the applicable Final Terms, the Issuer shall, at the option of the holder of any such Note, redeem such Note on the date or dates so provided at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option or any other Noteholders' Option which may be set in the applicable Final Terms, the holder must deposit such Note with any Paying Agent (in the case of Bearer Notes) or the Certificate representing such Note(s) with the Registrar or any Transfer Agent (in the case of Registered Notes) at its specified office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' Option Period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(g) ***Redemption by Instalments:***

Unless previously redeemed, purchased and cancelled as provided in this Condition 5 or the relevant Instalment Date (being one of the dates so specified in the applicable Final Terms) is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 5(e) or (f), each Note which provides for Instalment Dates and Instalment Amounts will be partially redeemed on each Instalment Date at the Instalment Amount specified on it, whereupon the outstanding principal amount of such Note shall be reduced by the Instalment Amount for all purposes.

(h) ***Cancellation:***

All Notes purchased by or on behalf of the Issuer or any of its subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, will, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

## **6. Payments and Talons**

### **(a) *Bearer Notes:***

Payments of principal and interest in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 6(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 6(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the holder, by credit or transfer to an account denominated in that currency with, a bank in the principal financial centre of that currency, provided that (i) in the case of euro, payments will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) or by a euro cheque; (ii) in the case of Japanese yen, the credit or transfer will be made to a non-resident Japanese yen account with an authorised foreign exchange bank (in the case of payment to a non-resident of Japan); and (iii) in the case of U.S. dollars, payments will be made by credit or transfer to a U.S. dollar account maintained by the payee outside the United States.

The Receipts are not and shall not in any circumstances be deemed to be documents of title and if separated from the Note to which they relate will not represent any obligation of the Issuer. Accordingly, the presentation of a Note without the relevant Receipt or the presentation of a Receipt without the Note to which it appertains shall not entitle the holder to any payment in respect of the relevant Instalment Amount.

### **(b) *Registered Notes:***

(i) Payments of principal (which for the purposes of this Condition 6(b) shall include final Instalment Amounts but not other Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts or Optional Redemption Amounts) in respect of Registered Notes will be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest (which for the purpose of this Condition 6(b) shall include all Instalment Amounts other than final Instalment Amounts) in relation to (i) Registered Notes in global form, will be paid to the person shown on the Register at the close of business before the due date for payment thereof or (ii) in relation to Registered Notes in definitive form will be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note will be made in the currency in which such payments are due by cheque drawn on a bank in the principal financial centre of the country of the currency concerned and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register maintained by the Registrar. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date and subject as provided in paragraph (a) above, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre of the country of that currency.

### **(c) *Payments in the United States:***

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts, and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.



(d) ***Payments Subject to Fiscal and Other Laws:***

Payments will be subject in all cases, but without prejudice to the provisions of Condition 7, to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction, and (ii) any withholding or deduction required pursuant to an agreement described in Section 871(m) of the U.S. Internal Revenue Code of 1986 (the "Code"), section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or law implementing an intergovernmental approach thereto. Any such amounts withheld or deducted as required pursuant to an agreement described in the Code will be treated as paid for all purposes under the Notes, and no additional amounts will be paid on the Notes with respect to any such withholding or deduction.

(e) ***Appointment of Agents:***

The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar or any Transfer Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer will at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a Calculation Agent where the Conditions so require one, (v) a Paying Agent having a specified office in a European city which, so long as the Notes are listed on the Official List and admitted to trading on the London Stock Exchange plc's Regulated Market, shall be London, (vi) a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26 – 27 November, 2000, provided that there is a European Union Member State in which no such obligations is imposed, and (vii) such other agents as may be required by any other stock exchange or other relevant authority on which the Notes may be listed or as may be agreed between the Issuer and the relevant Dealer.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York in respect of any Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 13.

(f) ***Unmatured Coupons and Receipts and unexchanged Talons:***

(i) Unless the applicable Final Terms provide that the unmatured Coupons are to become void upon the due date for redemption of those Notes, Bearer Notes should be surrendered for payment together with all unmatured Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of two years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

(ii) If the applicable Final Terms so provides, upon the due date for redemption of any Bearer Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Upon the due date for redemption of any Bearer Note which is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

(v) Where any Bearer Note which provides that the unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provisions of such indemnity as the Issuer may require.

(vi) If the due date for redemption of any Note is not an Interest Payment Date, interest accrued from the preceding Interest Payment Date or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note which only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) ***Talons:***

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet), but excluding any Coupons which may have become void pursuant to Condition 8.

(h) ***Non-Business Days:***

Unless otherwise specified in the applicable Final Terms, if any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “business day” means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation (if presentation is required), in each other place (if any) specified in the applicable Final Terms as a Financial Centre and:

(i) in the case of a payment in a currency other than euro, where payment is to be made by transfer to an account maintained with a bank in such currency, a day on which foreign exchange transactions may be carried on in such currency in the principal financial centre of the country of such currency; or

(ii) in the case of a payment in euro, a day which is a TARGET Settlement Day.

(i) ***Definition of Affiliate:***

“Affiliate” means, in relation to any entity (the “First Entity”), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes “control” means ownership of a majority of the voting power of an entity.

(j) ***Redenomination:***

As may be indicated in the applicable Final Terms, the Issuer may, but shall not be obligated to, with respect to Notes originally denominated in the national currency of a Member State of the European Union (“EU”) that adopts the single Currency in accordance with the Treaty establishing the European Community, as amended (the “Treaty”), without the consent of the holders of the Notes, Certificates, Receipts, Coupons or Talons by giving at least 30 days’ notice in accordance with Condition 13, redenominate all, but not some only, of the Notes into euro with effect from any Interest Payment Date or,

in the case of Zero Coupon Notes, any date (the “Redenomination Date”) falling on or after the date on which such Member State of the EU has adopted the euro.

With effect from the Redenomination Date, notwithstanding the other provisions of the Conditions:

(A) such Notes shall be deemed to be redenominated in euro with a principal amount for each Note equal to the principal amount of that Note in the currency of the participating Member State, converted into euro to the nearest euro 0.01 at the rate for conversion of the national currency of the participating Member State into euro established by the Council of the EU pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Community regulations) provided that, if the Issuer determines, with the agreement of the Fiscal Agent, that the then market practice in respect of the redenomination into euro 0.01 of internationally offered securities is different from the provision specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange or other relevant authority (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;

(B) if definitive Notes are required to be issued, they shall be issued at the expense of the Issuer in the denominations of euro 1,000, euro 10,000, euro 100,000 or such other denominations as the Fiscal Agent shall determine and notify to the Noteholders (the smallest such denomination being hereinafter referred to as the “Minimum Euro Denomination”);

(C) if definitive Notes have been issued, all unmatured Coupons denominated in the national currency of the participating Member State (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives the notice (the “Exchange Notice”) that replacement euro-denominated Notes and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes so issued will also become void on that date although those Notes will continue to constitute valid exchange obligations of the Issuer. New certificates in respect of euro-denominated Notes and Coupons will be issued in exchange for Notes and Coupons denominated in the national currency of the participating Member State in such manner as the Fiscal Agent may specify and as shall be notified to Noteholders in the Exchange Notice;

(D) any balance remaining from the redenomination that is less than the Minimum Euro Denomination and greater than or equal to euro 0.01 shall be paid by way of cash adjustment rounded to the nearest euro 0.01 (with euro 0.005 being rounded upwards). Such cash adjustment will be payable in euro on the Redenomination Date in the manner notified to the Noteholders by the Issuer;

(E) all payments in respect of such Notes (other than, unless the Redenomination Date is on or after such date as the national currency of the participating Member State ceases to be a sub-division of the euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in euro;

(F) Notes, Certificates, Receipts, Coupons or Talons may only be presented for payment on a day on which commercial banks and foreign exchange markets are open for general business in the place of presentation and which is a TARGET Settlement Day;

(G) the amount of interest in respect of such Notes will be calculated by reference to the aggregate principal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;

(H) if interest is required to be calculated for a period of less than 1 year, the Day Count Fraction will be “Actual/Actual”; provided, however, in relation to floating rate notes denominated in euro the Day Count Fraction will be “Actual/360”; and

(I) upon any such redenomination of the Notes, any reference in these Conditions and the applicable Final Terms to the relevant national currency shall, where the context so admits, be construed as a reference to euro.

## 7. Taxation

All payments of principal and interest in respect of the Notes, the Receipts and the Coupons by the Issuer will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of (i) Canada, any province or territory or political subdivision thereof or any authority therein or thereof having power to tax, or (ii) in the case of Notes issued by a branch of the Bank located outside Canada, the country in which such branch is located or any subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law or the administration thereof. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and the Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been received in respect of the Notes, Receipts or (as the case may be) Coupons, in the absence of such withholding or deduction; except that no additional amounts shall be payable with respect to any payment in respect of any Note, Receipt or Coupon:

(1) to, or to a third party on behalf of, a holder who is liable or subject to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon for any reason other than the mere holding, use or ownership or deemed holding, use or ownership of such Note, Receipt or Coupon as a non-resident or deemed non-resident of the jurisdiction imposing such tax, duty, assessment or governmental charge or who would not be liable or subject to such withholding or deduction by making a declaration of non-residence or other similar claim for exemption (including an application for relief under any applicable double tax treaty) to the relevant tax authority; or

(2) to, or to a third party on behalf of, a holder in respect of whom such tax, duty, assessment or governmental charge is required to be withheld or deducted by reason of the holder being a person with whom the Bank is not dealing at arm’s length (within the meaning of the *Income Tax Act* (Canada)); or

(3) on account of any such taxes, duties, assessments or governmental charges required to be withheld or deducted by any paying agent, collecting agent or other intermediary from a payment on a Note, Receipt or Coupon if such payment can be made without such deduction or withholding by another paying agent, collecting agent or other intermediary; or

(4) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council Meeting of 26–27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directives; or

(5) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union; or

(6) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the thirtieth such day, assuming that day to have been a Payment Date; or

(7) where such withholding or deduction is imposed under section 871(m), or sections 1471 through 1474 of the Code and any regulations or agreements thereunder, official interpretations thereof or law implementing an intergovernmental approach thereto.

As used in these Conditions, “Relevant Date” in respect of any Note, Receipt or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Noteholders in accordance with Condition 13 that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

References in these Conditions to “principal” shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 7;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) the Failure to Deliver Settlement Price (if any) in respect of the Notes;
- (f) the Disruption Cash Settlement Price (if any) in respect of the Notes;
- (g) the Credit Event Redemption Amount (if any) in respect of the Notes;
- (h) the Partial Cash Settlement Amount (if any) in respect of the Notes;
- (i) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (j) in relation to Zero Coupon Notes, the Amortised Face Amount; and
- (k) any premium and any other amounts in the nature of principal payable pursuant to Condition 5 or any amendment or supplement to it which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under this Condition 7.

## **8. Prescription**

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which, for this purpose shall not include Talons) shall be prescribed and become void unless made within two years from the appropriate Relevant Date in respect thereof.

## **9. Events of Default**

If any of the following events (“Events of Default”) occurs and is continuing, the holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Redemption Amount of such Note together with accrued interest to the date of payment shall become immediately due and payable:

- (a) if default is made for more than 30 days (in the case of interest) or five days (in the case of principal) in the payment in on the due date of interest or principal in respect of any such Notes; or
- (b) if the Issuer shall become insolvent or bankrupt, or if a liquidator, receiver or receiver and manager of the Issuer or any other officer having similar powers shall be appointed;

provided, however, that in the case of a Subordinated Note, notwithstanding any provision hereof to the contrary, the principal amount of such Subordinated Note, will not be paid and may not be required to be paid at any time prior to the relevant maturity date except in the event of the insolvency or winding-up of the Bank.

## **10. Meeting of Noteholders and Modifications**

### **(a) *Meetings of Noteholders:***

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes (including these Conditions insofar as the same may apply to such Notes). An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not and on all relevant Couponholders, except that without the consent and affirmative vote of each holder of Notes no Extraordinary Resolution may: (i) amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest thereon, (ii) reduce or cancel the principal amount or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) reduce the rate or rates of interest in respect of the Notes or vary the method or basis of calculating the Interest Amount in respect thereof, (iv) if a Minimum and/or a Maximum Interest Rate, Instalment Amount or Redemption Amount is specified in the applicable Final Terms, reduce any such Minimum and/or Maximum, (v) change any method of calculating the Redemption Amount, (vi) save as provided in Condition 6(i), change the currency or currencies of payment or denomination of the Notes, (vii) take any steps which as specified herein may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, or (viii) modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution and will only be binding if passed at a meeting of the Noteholders (or at any adjournment thereof) at which a special quorum (provided for in the Agency Agreement) is present.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the applicable Final Terms in relation to such Series.

### **(b) *Modification of Agency Agreement:***

The Agency Agreement, the Notes and any Receipts and Coupons attached to the Notes may be amended by the Issuer and the Fiscal Agent without the consent of the holder of any Note, Receipt or Coupon (i) for the purpose of curing any ambiguity, or for curing, correcting or supplementing any defective provision contained therein, (ii) to make any further modifications of the terms of the Agency Agreement necessary or desirable to allow for the issuance of any additional Notes (which modifications shall not be materially adverse to holders of outstanding Notes) or (iii) in any manner which the Issuer and the Fiscal Agent may deem necessary or desirable and which shall not materially adversely affect the interests of the holders of the Notes, Receipts and Coupons.

## **11. Replacement of Notes, Certificates, Receipts, Coupons and Talons**

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, listing authority and stock exchange regulations, at the specified office of the Fiscal Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and the Registrar (in the case of Certificates) or such other Paying Agent or Transfer 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 Noteholders in accordance with Condition 13, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which

may provide, inter alia, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **12. Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes except as regards the issue date, the issue price and/or the payment of interest accruing prior to the Issue Date of such additional Notes or the payment of interest following the Issue Date and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to “Notes” shall be construed accordingly.

## **13. Notices**

Notices to the holders of Registered Notes will be mailed to them at their respective addresses in the Register and will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes will be valid if published in a daily newspaper of general circulation in the United Kingdom (which is expected to be the Financial Times). If any such publication in such newspaper is not practicable, notice will be validly given if published in another leading daily English language newspaper of general circulation in the United Kingdom. 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 date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Fiscal Agent.

## **14. Currency Indemnity**

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction in the winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to the recipient from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer shall indemnify the recipient against any loss sustained by the recipient as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. If the amount received or recovered is more than the amount expressed to be due to the recipient under any Note, Coupon or Receipt (after taking into account the costs of making any such purchase), the recipient shall pay the amount of such excess to the Issuer. For the purposes of this Condition, it will be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that such Noteholder or Couponholder, as the case may be, would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer’s other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

## **15. Governing Law**

The Notes, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein. The relevant agreements relating to the Programme are governed by the laws of the Province of Ontario and the laws of Canada applicable therein. The parties have not exclusively submitted in the relevant agreements to the courts in Canada and the choice of Ontario and Canadian law does not limit or restrict (i) legal proceedings to the courts of Ontario or of Canada or (ii) the commencement of legal proceedings in other appropriate jurisdictions. If legal proceedings were commenced in Ontario in relation to the Programme, it is likely that they would be commenced in the Ontario Superior Court of Justice.



## **SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM**

### **Initial Issue of Notes**

The Notes may be issued in bearer form only, in bearer form exchangeable for Registered Notes or in registered form only. Each Tranche of Bearer Notes having an original maturity of more than one year will initially be represented by a temporary Global Note and each Tranche of Bearer Notes having an original maturity of one year or less will initially be represented by a permanent Global Note, in each case, in bearer form without Coupons, Receipts or Talons attached. The relevant Global Note will (i) if the Global Notes are intended to be issued in the NGN form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper for Euroclear and/or Clearstream, Luxembourg; and (ii) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the issue date thereof to a common depository on behalf of Euroclear and/or Clearstream, Luxembourg (the “Common Depository”) or any other agreed clearing system. Notes issued in registered form will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series (subject to the provisions of the Agency Agreement). Registered Notes which are held in Euroclear and/or Clearstream, Luxembourg will be registered in the name of a nominee for such system or a common nominee for both systems and the relative Certificate(s) will be delivered to the appropriate depository or a Common Depository, as the case may be. If the Global Note is not an NGN, upon the initial deposit of a Global Note with the Common Depository, or the initial registration in the name of nominees for Euroclear and/or Clearstream, Luxembourg or such other clearing system as may be agreed between the Issuer, the relevant Dealer, the Fiscal Agent and the Registrar (if applicable), or a common nominee, and delivery of the relative Global Certificate(s) to the appropriate depositories, or a Common Depository, for Euroclear or Clearstream, Luxembourg (or such other clearing system as may be agreed to between the Issuer, the relevant Dealer, the Fiscal Agent and the Registrar (if applicable) (each an “Approved Intermediary”)) will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid. If the Global Note is an NGN, the Global Note will be delivered on or prior to the issue date of the Tranche to a Common Safekeeper. The amount of the Notes shall be the aggregate principal amount from time to time entered in the records of Euroclear and/or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the principal amount of Notes represented by the Global Note 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. Any reference to Euroclear or Clearstream, Luxembourg, whenever the context so permits, shall be deemed to include a reference to any additional or alternative clearing system as may be agreed to between the Issuer, the relevant Dealer, the Fiscal Agent and the Registrar (if applicable).

### **Relationship of Accountholders with Clearing Systems**

For so long as any of the Notes is represented by a Global Note or a Global Certificate held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who for the time being is shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Note (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Note standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest or proven error) shall be treated by the Issuer and any Paying Agent as the holder of such principal amount in accordance with and subject to the terms of the relevant Global Note or Global Certificate and the expressions “Noteholder” and “Holder” and related expressions shall be construed accordingly.

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg or such Approved Intermediary as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear or Clearstream, Luxembourg or such Approved Intermediary (as the case may be) for his or her share of each payment made by the Issuer to the bearer of such Global Note or the registered holder of the Global Certificate, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg or such Approved Intermediary (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long

as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the registered holder of the Global Certificate, as the case may be, in respect of each amount so paid.

### **Amendment to Conditions**

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions which apply to the Notes which they represent, some of which modify the effect of the terms and conditions of the Notes set out in this document. The following is a summary only of certain of those provisions:

*Exchange.* Each temporary Global Note will be exchangeable in whole or in part for interests in a permanent Global Note or, if so provided in a temporary Global Note, for definitive Bearer Notes (as described in the next paragraph) after the date falling 40 days after the Issue Date of the Notes upon certification as to non-U.S. beneficial ownership (and, in the case of any Notes where the Subscription Agreement relating to one or more Tranches of Bearer Notes issued after March 18, 2012 specifies that the applicable TEFRA exemption is “HIRE Act Rules” also any other requirements specified as requisite to such an exchange in the Final Terms with respect to such Note) in the form set out in the Agency Agreement in the case of Bearer Notes or, in the case of Exchangeable Bearer Notes, for Certificates any time after the Issue Date in the case of Registered Notes. Each permanent Global Note is exchangeable in whole (or, in the case of Partly Paid Notes only, in part) at the request of the holder (i) if so provided in a permanent Global Note, or (ii) if a permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg and either of such clearing systems 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, or (iii) if an event of default occurs in relation to the Notes represented thereby, at the cost and expense of the Issuer, for definitive Bearer Notes or (in the case of Exchangeable Bearer Notes) Certificates by such holder giving notice to the Fiscal Agent, or by the Issuer giving notice to the Fiscal Agent and the relevant Noteholders of its intention to exchange (at the option, cost and expense of the Issuer) such permanent Global Note for definitive Bearer Notes or (in the case of Exchangeable Bearer Notes) Certificates, in each case on or after the Exchange Date specified in the notice.

On or after any Exchange Date (as defined below) the holder of a permanent Global Note may surrender such permanent Global Note to the Fiscal Agent (or, in the case of a partial exchange of Partly Paid Notes only, present it for endorsement to or to the order of the Fiscal Agent). In exchange for any permanent Global Note, or the part thereof to be exchanged in the case of Partly Paid Notes only, the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive Bearer Notes (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts which have not already been paid on the permanent Global Note and a Talon), or, in the case of Exchangeable Bearer Notes, the relevant Certificate security printed in accordance with any applicable legal and stock exchange or regulatory authority requirements and in or substantially in the form set out in Schedule 2 to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that such Global Note is cancelled and returned to the holder together with the relevant definitive Bearer Notes or, in the case of Exchangeable Bearer Notes, the relevant Certificate.

If the Global Note is an NGN, on or after any due date for exchange, the Issuer will procure that details of such exchange be entered pro rata in the records of the relevant clearing system.

“Exchange Date” means a day falling not less than 60 days after that 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 Fiscal Agent is located and, except in the case of an exchange pursuant to (ii) above, in the cities in which the relevant clearing system is located.

*Payments.* No payment falling due more than 40 days after the Issue Date will be made on a temporary Global Note unless exchange for an interest in a permanent Global Note or for definitive Bearer Notes or Certificates is improperly withheld or refused. Payments on any temporary Global Note during the period up to 40 days after its Issue Date will only be made against presentation of certification as to

non-U.S. beneficial ownership in the form required by the clearing systems. All payments in respect of Notes represented by a Global Note which is not an NGN will be made against presentation for endorsement and, if no further payment is to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. In respect of Bearer Notes not held in NGN form, a record of each payment so made will be endorsed in the appropriate schedule to each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. In respect of Bearer Notes held in NGN form, a record of each payment shall be entered *pro rata* in the records of Euroclear or Clearstream, Luxembourg and, upon any such entry being made, the principal amount of the Notes recorded in the records of Euroclear or Clearstream, Luxembourg and represented by the Global Note shall be reduced by the aggregate principal amount of the Notes so redeemed or purchased and cancelled by the aggregate amount of such instalment so paid. Payments under any Notes in NGN form will be made to the holder of such Note. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. With respect to payments of interest on Notes issued in bearer form, the Final Terms may specify any requirements applicable to such Notes to qualify such Notes as "foreign targeted obligations" that will be exempt from excise tax under Code Section 4701 as amended by the HIRE Act.

Following redenomination of any Notes pursuant to Condition 6(i), the amount of interest due in respect of such Notes represented by a Global Note will be calculated by reference to the aggregate principal amount of such Notes and the amount of such payment shall be rounded down to the nearest euro 0.01.

*Notices.* So long as any Notes are represented by a Global Note and such Global Note is held on behalf of Euroclear or Clearstream, Luxembourg, notices to Noteholders of that Series may be given by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which such notice was given to Euroclear or Clearstream, Luxembourg, as applicable.

Notices to be given by any Noteholder may be given to the Fiscal Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Fiscal Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

*Prescription.* Claims against the Issuer in respect of Notes which are represented by a permanent Global Note will become void unless it is presented for payment within a period of 2 years from the appropriate Relevant Date (as defined in Condition 7).

*Meetings.* The holder of a Global Note will be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, as having one vote in respect of each minimum denomination of Notes for which such Global Note may be exchanged.

*Purchase and Cancellation.* Cancellation of any Note surrendered for cancellation following its purchase will be effected by reduction in the principal amount of the relevant Global Note.

*Default.* Each Global Note and Global Certificate provides that the holder may cause such Global Note, or a portion of it, or one or more Registered Notes represented by such Global Certificate to become due and repayable in the circumstances described in, and as limited by the restrictions set forth in, Condition 9 by stating in the notice to the Fiscal Agent the principal amount of such Global Note or one or more Registered Notes which will become due and repayable. Following the giving of a notice of an event of default by or through a common depository for Euroclear and/or Clearstream, Luxembourg or if the holder of a Global Note so elects, the Global Note or Registered Notes represented by the Global Certificate will become void as to the specified portion and the persons entitled to such portion as accountholders with Euroclear or Clearstream, Luxembourg will acquire direct enforcement rights against the Issuer under the terms of the Deed of Covenant.

*Issuer's Option.* No drawing of Notes will be required under Condition 5 in the event that the Issuer exercises any option relating to those Notes while all such Notes which are outstanding are represented by a permanent Global Note. In the event that any option of the Issuer is exercised in respect to some but not all of the Notes of any Series, the rights of accountholders with Euroclear or Clearstream, Luxembourg or such Approved Intermediary (as the case may be) in respect of the Notes will be governed by the standard procedures of Euroclear or Clearstream, Luxembourg or such Approved Intermediary (as the case may be), and in respect of Notes held in NGN form this shall be reflected in the records of Euroclear or Clearstream, Luxembourg as either a pool factor or a reduction in principal amount at their discretion.

*Noteholders' Option.* Any Noteholders' option may be exercised by the holder of a Global Note giving notice to the Fiscal Agent of the principal amount of Notes in respect of which the option is exercised and at the same time, where the Global Note is not in NGN form, presenting the Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for endorsement of exercise within the time limits specified in the Conditions. Where the Global Note is in NGN form, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the principal amount of the Notes recorded in those records will be reduced accordingly.

*NGN nominal amount.* Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall 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 Notes represented by such Global Note shall be adjusted accordingly.

*Partly Paid Notes.* The provisions relating to Partly Paid Notes will be contained in the Global Notes. For so long as any instalments of the subscription moneys due from the holder of Partly Paid Notes are due, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for definitive Bearer Notes (as the case may be). In the event that any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may be entitled to forfeit such Notes and shall have no further obligation to their holder in respect of them. Partly Paid Subordinated Notes may not be issued.

*Integral multiples of less than €100,000 (or the equivalent of such amounts in another currency as at the date of issue of the Notes).* So long as the Notes are represented by a temporary Global Note or permanent Global Note and the relevant clearing system(s) so permit, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) as provided in the applicable Final Terms and higher integral multiples of at least 1,000 in the relevant currency if specified in the applicable Final Terms (the "Integral Amount"), notwithstanding that no definitive Notes will be issued with a denomination above the Definitive Amount in such currency. The "Definitive Amount" shall be equal to two times the lowest Specified Denomination minus the Integral Amount. If a Global Note is exchangeable for definitive Notes at the option of the Noteholder, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination).

## **USE OF PROCEEDS**

Unless otherwise indicated in the applicable Final Terms, the net proceeds from each issue of Notes will be added to the general funds of the Issuer.

## CERTAIN TAX LEGISLATION AFFECTING THE NOTES

### Canada

The following summary describes the principal Canadian federal income tax considerations generally applicable to a holder of Notes who acquires, as beneficial owner, Notes pursuant to this Prospectus, and who, at all relevant times, for the purposes of the application of the *Income Tax Act* (Canada) (the “**Tax Act**”): (a) is not resident and is not deemed to be resident in Canada; (b) deals at arm’s length with the Bank and any transferee resident (or deemed to be resident) in Canada to whom the holder disposes of Notes; (c) does not use or hold Notes in or in the course of carrying on a business in Canada; (d) is entitled to receive all payments (including any interest and principal) on the Notes; (e) is not a “specified non-resident shareholder” of the Bank for purposes of the Tax Act or a non-resident person not dealing at arm’s length with a “specified shareholder” (within the meaning of Subsection 18(5) of the Tax Act) of the Bank; and (f) is not an insurer that carries on an insurance business in Canada and elsewhere (a “**Non-resident Holder**”).

This summary is based upon the provisions of the Tax Act and the regulations thereunder (the “**Regulations**”) in force on the date hereof and an understanding of the current administrative practices and assessing policies of the Canada Revenue Agency. This summary takes into account all specific proposals to amend the Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”) and assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative or assessing practice, whether by legislative, regulatory, administrative or judicial action, nor does it take into account provincial, territorial or foreign income tax legislation. Subsequent developments could have a material effect on the following description.

**This summary is of a general nature only and is not intended to be, legal or tax advice to any particular holder and no representation is made with respect to the Canadian federal income tax consequences to any particular holder. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, prospective purchasers of Notes should consult their own tax advisors with respect to their particular circumstances.**

*The Canadian federal income tax considerations applicable to Notes may be described more particularly when such Notes are offered (and then only to the extent material) in the Final Terms related thereto if they are not addressed by the comments following and, in that event, the following will be superseded thereby to the extent indicated in such Final Terms. These Canadian federal income tax considerations may also be supplemented, amended and/or replaced in a Drawdown Prospectus or Supplementary Prospectus to the extent indicated therein. Additional Canadian federal income tax considerations, which are not described herein, may also be applicable where the Note is a Reference Item Linked Note where physical delivery applies and such considerations will be described in the Final Terms, Drawdown Prospectus or Supplementary Prospectus related thereto.*

On March 16, 2011, the Department of Finance released draft legislation imposing withholding tax on interest (other than “fully exempt interest”) paid in respect of a debt or other obligation to pay an amount to a person with whom the payer is not dealing at arm’s length. The expressed intention of the Department of Finance is to impose withholding tax in certain circumstances where entitlement to interest is “stripped” from an underlying debt obligation through a coupon, talon or other means. The Canadian federal income tax considerations applicable to any Note in respect of which any entitlement to payment can be “stripped” through a coupon, talon or other means will be described in the Final Terms, Drawdown Prospectus or supplemental prospectus related thereto.

In the case of a Note issued by the Bank, interest paid or credited or deemed to be paid or credited by the Bank (including amounts on account of, or in lieu of, or in satisfaction of interest) to a Non-resident Holder will not be subject to Canadian non-resident withholding tax, unless any portion of such interest

(other than on a “prescribed obligation”, described below) is contingent or dependent on the use of or production from property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any other similar criterion or by reference to dividends paid or payable to shareholders of any class or series of shares of the capital stock of a corporation. A “prescribed obligation” is a debt obligation the terms or conditions of which provide for an adjustment to an amount payable in respect of the obligation for a period during which the obligation was outstanding which adjustment is determined by reference to a change in the purchasing power of money and no amount payable in respect thereof, other than an amount determined by reference to a change in the purchasing power of money, is contingent or dependent upon any of the criteria described in the preceding sentence. *In particular, if any interest payable on a Reference Item Linked Note issued by the Bank or any portion of the principal amount of a Reference Item Linked Note issued by the Bank in excess of its issue price, is contingent or dependent on the use of or production from property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any other similar criterion or by reference to dividends, interest on such Notes, together with any such portion of such principal, may be subject to Canadian non-resident withholding tax.*

In the event that a Note issued by the Bank, in respect of which any interest or any portion of the principal amount is subject to Canadian non-resident withholding tax, is redeemed, cancelled, repurchased or purchased by the Bank or any other person resident or deemed to be resident in Canada from a Non-resident Holder or is otherwise assigned or transferred by a Non-resident Holder to a person resident or deemed to be resident in Canada for an amount which exceeds, generally, the issue price thereof (or in certain cases, the price for which such Note was assigned or transferred to the Non-resident Holder by a person resident or deemed resident in Canada), the excess may be deemed to be interest and may, together with any interest that has accrued on the Note to that time, be subject to Canadian non-resident withholding tax. Such excess will not be subject to Canadian non-resident withholding tax if the Note is considered an “excluded obligation” for purposes of the Tax Act. In general, a Note that was issued for an amount not less than 97% of the principal amount (as defined for the purposes of the Tax Act) of the Note, and the yield from which, expressed in terms of an annual rate (determined in accordance with the Tax Act) on the amount for which the Note was issued does not exceed  $\frac{4}{3}$  of the interest stipulated to be payable on the Note, expressed in terms of an annual rate on the outstanding principal amount from time to time will be an excluded obligation for this purpose.

Generally, there are no other Canadian federal income taxes that would be payable by a Non-resident Holder on interest, discount, or premium in respect of a Note or on the proceeds received by a Non-resident Holder on a disposition of a Note.

### **EU Savings Directive**

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

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

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

## PLAN OF DISTRIBUTION

Subject to the terms and conditions contained in an Amended and Restated Distribution Agreement dated June 27, 2012 (the "Distribution Agreement" which expression shall include any amendment or supplements thereto or restatements thereof) between the Issuer and the Permanent Dealers, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers, however the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers which are not Permanent Dealers under and pursuant to the terms of the Distribution Agreement. Such Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Distribution Agreement also provides for Notes to be issued in syndicated Tranches which are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission depending upon maturity in respect of Notes subscribed or procured for subscription by it. The Issuer has agreed to reimburse the Dealers for certain of their expenses incurred in connection with the establishment and update of the Programme and the issue of Notes under the Programme.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Distribution Agreement may be terminated in relation to all the Dealers or any of them by the Issuer or, in relation to itself and the Issuer only, by any Dealer, at any time on giving not less than ten business days' notice.

Each purchaser of a Note will arrange for payment as instructed by the applicable Dealer. The Dealers are required to deliver the proceeds of the Notes to the Issuer in immediately available funds, to a bank designated by the Issuer in accordance with the terms of the Distribution Agreement, on the date of settlement.

### **United States**

The Notes and, in certain cases, the Entitlement have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or under any state securities laws and may not be offered, sold or delivered, directly or indirectly, within the United States, its territories or possessions or to, or for the account or benefit of, U.S. persons except in accordance with Rule 903 or 904 of Regulation S under the Securities Act ("Regulation S") or in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form 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 U.S. person, except in certain transactions permitted by U.S. Treasury regulations. Each Dealer has agreed it will not offer, sell or deliver a Note in bearer form within the United States or to U.S. persons. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder ("Code").

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Distribution Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer and each relevant Dealer, by the Fiscal Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, in accordance with Rule 903 of Regulation S, within the United States, its territories or possessions or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States, its territories and possessions or to, or for the account or benefit of, U.S. persons.



In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

## **Canada**

Each Dealer has acknowledged and each further Dealer appointed under the Programme will be required to acknowledge that the Notes have not been and will not be qualified for sale under the securities laws of Canada or any province or territory thereof and has represented and agreed that it has not offered, sold or distributed, and that it will not offer, sell or distribute, any Notes, directly or indirectly, in Canada or to, or for the benefit of, any resident thereof in contravention of the securities laws of Canada or any province or territory thereof. Each Dealer has also agreed and each further Dealer appointed under the Programme will be required to agree not to distribute or deliver this Prospectus, or any other offering material relating to the Notes in Canada in contravention of the securities laws of Canada or any province or territory thereof.

## **Public Offer Selling Restriction under the Prospectus Directive**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a “Relevant Member State”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, 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 Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto 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 Notes to the public in that Relevant Member State:

- (i) if the applicable Final Terms in relation to the Notes specify that an offer of those Notes may be made 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 a prospectus in relation to such Notes 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 applicable Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or such Final Terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (iii) at any time 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), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer, or
- (iv) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (ii) to (iv) above shall require 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.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure

implementing the Prospectus Directive in that Member State and 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 Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, 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 Notes in circumstances in which Section 21(1) of the FSMA does not or would not if it was not, an authorised person, 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 any Notes in, from or otherwise involving the United Kingdom.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "FIEA" and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### **Italy**

As of the date of this Prospectus, the Issuer is not licensed to “collect deposits and other funds with the obligation to reimburse” in Italy and therefore, no Notes may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy.

### **France**

Each of the Dealers and the Issuer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (i) Offer to the public in France:

It has only made and will only make an offer of Notes to the public in France in the period beginning (i) when a prospectus in relation to those Notes has been approved by the *Autorité des marchés financiers* ("AMF"), on the date of such publication or, (ii) when a Prospectus has been approved by the competent authority of another Member State of the European Economic Area which has implemented the EU Prospectus Directive 2003/71/EC, on the date of notification of such approval to the AMF, and ending at the latest on the date which is 12 months after the date of approval of the Prospectus, all in accordance with Articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF; or

- (ii) Private placement in France:

In connection with their initial distribution, it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus, the relevant Final Terms or any other offering material relating to the Notes, and that such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, Articles L.411-1, L.411-2, and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

## **General**

These selling restrictions may be supplemented or modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such supplement or modification will be set out in the Final Terms issued in respect of the Tranche of Notes to which it relates or in a supplement to this Prospectus.

No action has been or will be taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required. Neither the Issuer nor any of the Dealers represents that Notes may at anytime 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 Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the Dealers shall have any responsibility therefor.

The following is a consent statement from KPMG LLP. In relation to this consent statement and the incorporation by reference of the auditors' report dated December 2, 2011, KPMG LLP has given and not withdrawn their consent to their inclusion in this Prospectus in the form and context in which they are included, and have authorised their contents for the purposes of Prospectus Rule 5.5.4R(2)(f) of the Prospectus Rules of the Financial Services Authority.

#### **CONSENT OF KPMG LLP**

We have read the Prospectus dated June 27, 2012 of The Bank of Nova Scotia (the "Bank" or the "Issuer") relating to the Issuer's U.S.\$20,000,000,000 Euro Medium Term Note Programme. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Prospectus of our auditors' report to the shareholders of the Bank on the consolidated balance sheets of the Bank as at October 31, 2011 and 2010 and the consolidated statements of income, changes in shareholders' equity, comprehensive income and cash flows for each of the years in the two-year period ended October 31, 2011 (the "Consolidated Financial Statements"). Our report is dated December 2, 2011.

For the purposes of Prospectus Rule 5.5.4R(2)(f), we are responsible for this statement "Auditors' Consent" and for our report to the shareholders of The Bank of Nova Scotia on the Consolidated Financial Statements of The Bank of Nova Scotia as at October 31, 2011 and 2010 and for each of the years in the three-year period ended October 31, 2011 (the "Report") to be incorporated by reference as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this statement and the Report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex XI of the Prospectus Rules of the Financial Services Authority.

Chartered Accountants, Licensed Public Accountants

Toronto, Canada  
June 27, 2012

## GENERAL INFORMATION

1. Trading information in relation to Notes admitted to the Official List and to trading on the Market will be expressed as a percentage of their principal amount (exclusive of accrued interest). It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the London Stock Exchange's regulated market will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes (or one or more Certificates) representing the Notes of such Tranche. Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market. The listing of the Programme in respect of Notes is expected to be granted on or before June 29, 2012. However, Notes may be issued pursuant to the Programme which will not be listed on the Official List and admitted to trading on the Market or any other stock exchange.
2. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The establishment and update of the Programme and the issue of Deposit Notes thereunder was authorised by Resolutions of the Board of Directors of the Bank passed on October 25, 1994, August 27, 1996, March 25, 1997, June 24, 1997, August 25, 1998, November 30, 1999, October 25, 2005, December 8, 2006, June 26, 2007, December 6, 2007 and December 2, 2011. The creation, issue and sale of Subordinated Indebtedness to be issued under the Programme was authorised by Resolutions of the Board of Directors of the Bank passed on December 3, 2010.
3. Each Bearer Note, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
4. There has been no significant change in the financial or trading position of the Bank and its subsidiaries taken as a whole since April 30, 2012, being the date of the latest unaudited interim consolidated financial statements of the Bank for the three and six month periods ended April 30, 2012 and no material adverse change in the prospects of the Bank and its subsidiaries taken as a whole since October 31, 2011, being the date of the latest audited published consolidated financial statements of the Bank.
5. The Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The Common Code and the International Securities Identification Number ("ISIN") for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg and details of any other agreed clearance system will be set out in the applicable Final Terms. The applicable Final Terms shall specify any other clearing system that shall have accepted the relevant Notes for clearance together with any further appropriate information.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.
6. From the date hereof and for so long as the Programme remains in effect or any Notes remain outstanding, the following documents will, be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), at the head office of the Bank and at the specified office of the Fiscal Agent:
  - (i) the Agency Agreement (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);
  - (ii) the Distribution Agreement;

- (iii) the Deed of Covenant;
  - (iv) the Bank Act (being the charter of the Bank) and By-laws of the Bank;
  - (v) the Annual Statements of the Bank, including the Annual Information Form, Audited Consolidated Financial Statements for the fiscal years ended October 31, 2011 and 2010 and the auditors' report thereon, Management's Discussion and Analyses of Financial Condition and Results of Operations for the year ended October 31, 2011, the 2012 First Quarter Report for the three month period ended January 31, 2012, the 2012 Second Quarter Report for the three and six month periods ended April 30, 2012 and the latest Quarterly Reports of the Bank;
  - (vi) each Final Terms for Notes which are listed on the Official List and admitted to trading on the Market or offered to the public in the European Economic Area when published ;
  - (vii) a copy of this Prospectus together with any further or supplementary Prospectuses when published; and
  - (viii) a copy of the subscription agreement for Notes issued on a syndicated basis which are listed on the Official List and admitted to trading on the Market or offered to the public in the European Economic Area.
7. Copies of the latest annual financial statements, annual management's discussion and analysis of financial condition and results of operations, interim financial statements and interim management's discussion and analysis of financial condition and results of operations to shareholders of the Bank may be obtained, and copies of the Agency Agreement and Deed of Covenant will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.
  8. This Prospectus may also be viewed on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> under the name of the Issuer and the headline "Publication of Prospectus" or through the National Storage Mechanism at [www.hemscott.com/nsm.do](http://www.hemscott.com/nsm.do).
  9. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.
  10. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.
  11. Not all Notes will be listed on the Market and the Issuer may, in certain circumstances, seek to delist Notes which are listed on the Market or on a stock exchange in the European Economic Area which is a regulated market for the purposes of MiFID and seek an alternate listing on a stock exchange outside the European Economic Area or on a stock exchange that is not a regulated market for the purposes of MiFID. These circumstances include any future law, rule of the Exchange or any other securities exchange or any EU Directive imposing requirements (including new corporate governance requirements) on the Issuer or any of its affiliates that the Issuer in good faith determines are impractical or unduly burdensome in order to maintain the continued listing of any Notes issued under the Programme on the Market or the relevant exchange.  
  
If such alternative listing is not available or, in the opinion of the Issuer is impractical or unduly burdensome, an alternative listing may not be obtained.
  12. Settlement arrangements will be agreed between the Issuer, the Relevant Dealer and the Paying Agent or, as the case may be, the Registrar in relation to each Tranche of Notes.

**SCHEDULE A -  
PRO FORMA FINAL TERMS  
[DENOMINATION OF LESS THAN €100,000  
OR EQUIVALENT IN OTHER CURRENCIES]**

**Final Terms dated •**

The Bank of Nova Scotia  
Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]  
under the U.S.\$20,000,000,000  
Euro Medium Term Note Programme

[The Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive” and each such Member State, a “Relevant Member State”), including each Relevant Member State that has implemented amendments to Article 3(2) of the Prospectus Directive with regard to persons to whom an offer of securities is addressed and the denomination per unit of the offer of securities, 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 Notes. Accordingly, any person making or intending to make an offer of the Notes may only do so in:

- (a) 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; or
- (b) those Public Offer Jurisdictions mentioned in Paragraph 47 of Part A below, provided such person is one of the persons mentioned in Paragraph 47 of Part A below and that such offer is made during the Offer Period specified for such purposes therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.]

*[Include the above legend where a non-exempt offer of Notes is anticipated.]*

[The Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive” and each such Member State, a “Relevant Member State”), including each Relevant Member State that has implemented amendments to Article 3(2) of the Prospectus Directive with regard to persons to whom an offer of securities is addressed and the denomination per unit of the offer of securities, 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 Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of the Notes 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 Notes in any other circumstances.]

**PART A – CONTRACTUAL TERMS**

This document constitutes the Final Terms relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "Conditions") set forth in the Prospectus dated June 27, 2012 [and the supplemental Prospectus dated ●] which [together] constitute[s] a base prospectus (the "Prospectus") for the purposes of Prospectus Directive (Directive 2003/71/EC) (the "Prospectus Directive"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus [and the supplemental prospectus] [is] [are] available for viewing during normal office hours at the office of the Fiscal Agent, Registrar and Transfer Agent and copies may be obtained from the principal office of the Issuer and may also be viewed on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> under the name of the Issuer or through the National Storage Mechanism at [www.hemscott.com/nsm.do](http://www.hemscott.com/nsm.do) [and copies may be available from [address].]

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.]*

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "Conditions") set forth in the Prospectus dated [original date] which are incorporated by reference in the Prospectus dated [current date] and are attached hereto. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Prospectus Directive (Directive 2003/71/EC) (the "Prospectus Directive") and must be read in conjunction with the Prospectus dated June 27, 2012 [and the supplemental Prospectus dated ●], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus dated June 27, 2012 [and the supplemental Prospectus dated ●]. The Prospectus dated June 27, 2012 [and the supplemental Prospectus(es)] and the Conditions which are extracted from the Prospectus dated [original date] and are incorporated by reference in the Prospectus dated June 27, 2012 are available for viewing during normal business hours at the office of Fiscal Agent, Registrar and Transfer Agent and copies may be obtained from the principal office of the Issuer and may also be viewed on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> under the name of the Issuer or through the National Storage Mechanism at [www.hemscott.com/nsm.do](http://www.hemscott.com/nsm.do) [and copies may be available from [address]].]

*[Consider including the following paragraphs for Index Linked Notes, Equity Linked Notes, Commodity Linked Notes, Credit Linked Notes and Fund Linked Notes.]*

*[No person has been authorised to give any information or make any representation not contained in or not consistent with these Final Terms, or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any Dealer. By investing in the Notes each Investor represents that:*

*(a) Non-Reliance. It is acting for its own account, and it has made its own independent decisions to invest in the Notes and as to whether the investment in the Notes is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Issuer or any Dealer as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the terms and conditions of the Notes shall not be considered to be investment advice or a recommendation to invest in the Notes. No communication (written or oral) received from the Issuer or any Dealer shall be deemed to be an assurance or guarantee as to the expected results of the investment in the Notes.*

*(b) Assessment and Understanding. It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the*



*terms and conditions and the risks of the investment in the Notes. It is also capable of assuming, and assumes, the risks of the investment in the Notes.*

*(c) Status of Parties. Neither the Issuer nor any Dealer is acting as a fiduciary for or adviser to it in respect of the investment in the Notes.*

**AN INVESTMENT IN NOTES LINKED TO ONE OR MORE REFERENCE ITEMS MAY ENTAIL SIGNIFICANT RISKS NOT ASSOCIATED WITH INVESTMENTS IN A CONVENTIONAL DEBT SECURITY. THE AMOUNT PAID BY THE ISSUER ON REDEMPTION OF THE NOTES MAY BE LESS THAN THE NOMINAL AMOUNT OF THE NOTES, TOGETHER WITH ANY ACCRUED INTEREST, AND MAY IN CERTAIN CIRCUMSTANCES BE ZERO. [WHERE THE NOTES ARE REDEEMED BY THE ISSUER BY DELIVERY OF REFERENCE ITEM(S) THE VALUE OF THE REFERENCE ITEM(S) MAY BE LESS THAN THE NOMINAL AMOUNT OF THE NOTES, TOGETHER WITH ANY ACCRUED INTEREST, AND MAY IN CERTAIN CIRCUMSTANCES BE ZERO.]**

**INVESTORS SHOULD BE PREPARED TO SUSTAIN A LOSS OF ALL OR PART OF THEIR INVESTMENT.]**

[The information included herein with respect to indices and/or formulas comprising, based on or referring to variations in the prices of one or more shares in companies, any other equity or non-equity securities, currencies or currency exchange rates, interest rates, credit risks, fund units, shares in investment companies, term deposits, life insurance contracts, loans, commodities or futures contracts on the same or any other underlying instrument(s) or asset(s) or the occurrence or not of certain events not linked to the Issuer or any other factors to which the Notes are linked (the “Underlyings”) consists only of extracts from, or summaries of publicly available information. The Issuer accepts responsibility that such extracts or summaries have been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the issuer, owner or sponsor, as the case may be, of such Underlyings, no facts have been omitted that would render the reproduced extracts or summaries inaccurate or misleading. No further or other responsibility in respect of such information is accepted by the Issuer. In particular, neither the Issuer nor any Dealer accepts responsibility in respect of the accuracy or completeness of the information set forth herein concerning the Underlyings of the Notes or that there has not occurred any event which would affect the accuracy or completeness of such information.

The purchase of Notes issued under the Programme is associated with certain risks. Each prospective Investor in Notes must ensure that the complexity and risks inherent in the Notes are suitable for its investment objectives and are appropriate for itself or the size, nature and condition of its business, as the case may be. No person should deal in the Notes unless that person understands the nature of the relevant transaction and the extent of that person’s exposure to potential loss. Each prospective purchaser of Notes should consider carefully whether the Notes are suitable for it in light of its circumstances and financial position. Prospective Investors in Notes should consult their own legal, tax, accountancy and other professional advisers to assist them in determining the suitability of the Notes for them as an investment.

**INVESTORS SHOULD REFER TO THE SECTION HEADED “RISK FACTORS” IN THE PROSPECTUS FOR A DISCUSSION OF CERTAIN MATTERS THAT SHOULD BE CONSIDERED WHEN MAKING A DECISION TO INVEST IN THE NOTES.]**

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]*

*[When completing any Final Terms, or adding any other Final Terms or information, consideration should be given as to whether such terms or information constitutes “significant new factors” and consequently trigger the need for a supplemental to the Prospectus under Article 16 of the Prospectus Directive.]*

1. Issuer: [ ]  
*[Indicate branch where applicable]*
2. [(i)] Series Number: [ ]  
[(ii)] Tranche Number: [ ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]*
3. Specified Currency or Currencies: [ ]
4. Aggregate Principal Amount:  
[(i)] Series: [ ]  
[(ii)] Tranche: [ ]
5. Issue Price: [ ] per cent. of the Aggregate Principal Amount [plus accrued interest from *[insert date]* (if applicable)]
6. (i) Specified Denomination(s): [ ]  
*So long as the Notes are represented by a temporary Global Note or a permanent Global Note and the relevant clearing system(s) so permit, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) and higher integral multiples.*
- (ii) Calculation Amount: [ ]  
*[If there is only one Specified Denomination and no integral multiples in excess thereof, insert the Specified Denomination. If there is more than one Specified Denomination and no integral multiples in excess thereof, insert the highest common factor of the Specified Denominations. If there are integral multiples in excess of the Specified Denomination(s), insert the highest common factor of the integral multiples and the Specified Denomination(s).]  
[Note: There must be a common factor in the case of integral multiples in excess of the Specified Denomination(s) or two or more Specified Denominations].*
7. (i) Issue Date: [ ]  
(ii) Interest Commencement Date: [Specify/Issue Date/Not Applicable]
8. Maturity Date: *[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to*

*the relevant month and year]*

9. Interest Basis:<sup>1</sup> [ • per cent. Fixed Rate]  
[[*specify reference rate*] +/- • per cent.  
Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]  
[Equity Linked Interest]  
[Commodity Linked Interest]  
[Fund Linked Interest]  
[Other (*specify*)]  
(further particulars specified below)
10. [(a)]Redemption/Payment Basis:<sup>1, 2</sup> [Redemption at par]  
[Index Linked Redemption]  
[Equity Linked Redemption]  
[Commodity Linked Redemption]  
[Fund Linked Redemption]  
[Credit Linked Redemption]  
[Dual Currency]  
[Partly Paid]  
[Instalment]  
[Other (*specify*)]  
*(N.B. If the Final Redemption Amount is other than 100 per cent. of the principal amount, the Notes will be derivative securities for purposes of the Prospectus Directive and Annex XII to the PD Regulation will apply)*
- [(b)] Protection Amount: [Principal Protected/[ ] per cent. of the Calculation Amount/Not Applicable<sup>3</sup>]
11. Change of Interest or Redemption/Payment Basis: [Applicable/Not Applicable]  
  
*[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]*
12. Put/Call Options: [Issuer's Option]  
[Noteholders' Option]  
[(further particulars specified below)]
13. Status of the Notes: [Specify: Deposit Notes/Subordinated Notes]<sup>4</sup>

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<sup>1</sup> *If any interest payable on a Reference Item Linked Note issued by the Bank, or any portion of the principal amount of a Reference Item Linked Note issued by the Bank in excess of its issue price, is contingent or dependent on the use of or production from property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any other similar criterion or by reference to dividends, interest on such Note, together with any such portion of such principal, may be subject to Canadian non-resident withholding tax. The Issuer should obtain an opinion of counsel or otherwise obtain confirmation that the Issuer is not obliged to withhold or deduct amounts from payments of principal or interest on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Canada or, in addition, if the Issuer's branch of account is located outside Canada, the country in which such branch of account is located or any political subdivision or authority therein or thereof having power to tax.*

<sup>2</sup> *If the Final Redemption Amount is other than 100 per cent. of the principal value the Notes will be derivative securities for the purpose of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive will apply and the Issuer may prepare and publish a supplement to the Prospectus.*

<sup>3</sup> *Only applies to Reference Item Linked Notes*

14. Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. **Fixed Rate Note Provisions:** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Interest Rate[(s)]: [ ] per cent. per annum [payable [annually/semi-annually/quarterly /monthly/other (*specify*)] in arrear]
- (ii) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*] commencing on [ ], [adjusted/not adjusted]
- [N.B. Amend for long or short coupons]*
- (iii) Fixed Coupon Amount[(s)]: [ ] per Calculation Amount
- (iv) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling in/on [ ]/Not Applicable
- (v) Day Count Fraction: [30/360 / Actual/Actual (ICMA) / other]
- (vi) [Determination Date(s)]: [ ] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)*)
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]

16. **Floating Rate Note Provisions** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph.)*

- (i) Interest Period Dates: [ ]
- (ii) Interest Payment Dates: [ ]
- (iii) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other

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<sup>4</sup> Add the following language for Subordinated Notes or if Board (or similar) authorization is required for the particular Tranche of notes:  
Date Board approval for issuance of [Subordinated Notes] obtained: [ ] [and [ ], respectively]

- (give details)]*
- (iv) Business Centre(s): [ ]
- (v) Primary Source: [Screen Rate/ Reference Banks/other *(give details, including reference rate)*]
- (vi) Benchmark and Relevant Currency: [ ]
- (vii) Calculation Agent: [ ]
- (viii) Relevant Screen Page: [ ]
- (ix) Interest Determination Date(s): [ ]
- (x) Reference Banks: [*specify four*]
- (xi) Relevant Time: [ ]
- (xii) Specified Duration: [*specify period for quote, if not duration of Interest Period*]
- (xiii) Representative Amount: [ ]
- (xiv) Margin(s): [+/-][ ] per cent. per annum
- (xv) Rate Multiplier: [Applicable/Not Applicable]  
*(specify formula)*
- (xvi) Minimum Interest Rate: [ ] per cent. per annum
- (xvii) Maximum Interest Rate: [ ] per cent. per annum
- (xviii) Day Count Fraction: [Actual/Actual][Actual/Actual (ICMA)][Actual/365 (Fixed)][Actual/365 (Sterling)]  
[Actual/360][30/360][30E/360][Other]  
*(See Condition 4(i) for alternatives)*
- (xix) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
- (xx) Effective Date: [ ]
17. **Zero Coupon/High Interest/Low Interest Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Amortisation Yield: [ ] per cent. per annum
- (ii) Reference Price: [ ]
- (iii) Any other formula/basis of determining amount payable: [ ]
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Actual/Actual][Actual/Actual (ICMA)][Actual/365 (Fixed)][Actual/365 (Sterling)] [Actual/360][30/360][30E/360]  
 [Conditions 4(i) apply/specify other]  
 (Consider applicable day count fraction if not U.S. dollar denominated)

18. **Index Linked Interest Note Provisions**

[Applicable/Not Applicable]

[The provisions of Annex 1 of the Terms and Conditions – *Additional Terms and Conditions for Index Linked Notes* shall apply.] (If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Index/ Basket of Indices/ Index Sponsor(s): [ ]  
 [The [ ] Index is a Unitary Index/Multi-Exchange Index/Proprietary Index]  
 [The Index Sponsor for the [ ] Index is [ ]]  
 [The Index Currency for the [ ] Index is [ ]]
- (ii) Formula for calculating interest rate: [ ]
- (iii) Calculation Agent responsible for making calculations in respect of the Notes: [ ]
- (iv) Provisions for determining coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable, including market or settlement disruption events: [ ]
- (v) Interest Period or calculation period(s): [ ]
- (vi) Interest Payment Dates: [ ]
- (vii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (viii) Business Centre(s): [ ]
- (ix) Minimum Rate of Interest: [ ] per cent. per annum

- (x) Maximum Rate of Interest: [ ] per cent. per annum
- (xi) Day Count Fraction: [ ]
- (xii) Averaging: [The Averaging Dates are [ ].]  
[In the event that an Averaging Date is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]  
[Common Scheduled Trading Days will apply.]  
(N.B. May only be applicable in relation to Index Linked Notes relating to a Basket)
- (xiii) Index Performance: [ ]
- (xiv) Exchange Rate: [Applicable/Not Applicable]  
[insert details]
- (xv) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Index Performance is [ ]. (N.B. May only be applicable in relation to Index Linked Notes relating to a Basket)
- (xvi) Exchange(s): [ ]
- (xvii) Related Exchange: [ ]/[All Exchanges]
- (xviii) Valuation Date(s): [ ]  
[Common Scheduled Trading Days will apply.]  
(N.B. May only be applicable in relation to Index Linked Notes relating to a Basket)
- (xix) Valuation Time: [ ]
- (xx) Observation Date(s): [ ]
- (xxi) Observation Period: [Applicable: [Extension/No Extension] /Not Applicable]
- (a) Observation Period Start Date: [[Including/Excluding] [ ]/Not Applicable]
- (b) Observation Period End Date: [[Including/Excluding] [ ]/Not Applicable]
- (xxii) Barrier Event: [Not Applicable/Barrier Event (intraday)/Barrier Event (closing)/Common Scheduled Trading Days]
- (xxiii) Barrier Level: [[ ]/Not Applicable]
- (xxiv) Disrupted Day: If a Valuation Date, an Averaging Date or an Observation Date, as the case may be, is a Disrupted Day, the relevant level or price will be calculated [insert calculation method]  
(N.B. Only applicable where provisions in

*Index Linked Conditions are not appropriate)*

- (xxv) Trade Date: [ ]
- (xxvi) Additional Disruption Events: The following Additional Disruption Events apply to the Notes:  
[Change in Law: [Applicable/Not Applicable]]  
[Hedging Disruption: Applicable/Not Applicable]  
[Increased Cost of Hedging: Applicable/Not Applicable]
- (xxvii) Other terms or special conditions: [ ]
19. **Equity Linked Interest Note Provisions** [Applicable/Not Applicable]  
[The provisions of Annex 2 of the Terms and Conditions – *Additional Terms and Conditions for Equity Linked Notes* shall apply.] *(If not applicable, delete remaining sub-paragraphs of this paragraph)*
- (i) Share(s)/Basket of Share(s): [ ]
- (ii) Formula for calculating interest rate: [ ]
- (iii) Calculation Agent responsible for making calculations in respect of the Notes: [ ]
- (iv) Provisions for determining coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable, including market or settlement disruption events: [ ]
- (v) Interest Period or calculation period(s): [ ]
- (vi) Interest Payment Dates: [ ]
- (vii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]
- (viii) Business Centre(s): [ ]
- (ix) Minimum Rate of Interest: [ ] per cent. per annum
- (x) Maximum Rate of Interest: [ ] per cent. per annum
- (xi) Day Count Fraction: [ ]
- (xii) Averaging: [The Averaging Dates are [ ].]  
[In the event that an Averaging Date is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]  
[Common Scheduled Trading Days will apply.]



*(N.B. May only be applicable in relation to Equity Linked Notes relating to a Basket)*

- (xiii) Share Performance: [ ]
- (xiv) Exchange Rate: [Applicable/Not Applicable]  
[insert details]
- (xv) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Equity Performance is [ ]. *(N.B. May only be applicable in relation to Equity Linked Notes relating to a Basket)*
- (xvi) Exchange(s): [ ]
- (xvii) Related Exchange: [ ]/[All Exchanges]
- (xviii) Valuation Date(s): [ ]  
[Common Scheduled Trading Days will apply.]  
*(N.B. May only be applicable in relation to Equity Linked Notes relating to a Basket)*
- (xix) Valuation Time: [ ]
- (xx) Observation Date(s): [ ]
- (xxi) Observation Period: [Applicable: [Extension/No Extension] /Not Applicable]
- (a) Observation Period Start Date: [[Including/Excluding] [ ]/Not Applicable]
- (b) Observation Period End Date: [[Including/Excluding] [ ]/Not Applicable]
- (xxii) Barrier Event: [Not Applicable/Barrier Event (intraday)/Barrier Event (closing)/Common Scheduled Trading Days]
- (xxiii) Barrier Level: [[ ]/Not Applicable]
- (xxiv) Disrupted Day: If a Valuation Date, an Averaging Date or an Observation Date, as the case may be, is a Disrupted Day, the relevant level or price will be calculated [insert calculation method]  
*(N.B. Only applicable where provisions in Index Linked Conditions are not appropriate)*
- (xxv) Tender Offer: [Applicable/Not Applicable]
- (xxvi) Share Substitution: [Applicable/Not Applicable]  
[If Applicable: Share Substitution Criteria is [ ]]
- (xxvii) Local Tax Adjustment: [Applicable/Not Applicable]

Local Jurisdiction: [ ]

(xxviii) Trade Date: [ ]

(xxix) Additional Disruption Events: The following Additional Disruption Events apply to the Notes:  
[Change in Law: Applicable/Not Applicable]  
[Hedging Disruption: Applicable/Not Applicable]  
[Increased Cost of Hedging: Applicable/Not Applicable]  
[Increased Cost of Stock Borrow: Applicable/Not Applicable]  
[Initial Stock Loan Rate: [Applicable/Not Applicable] [ ]]  
[Insolvency Filing: Applicable/Not Applicable]  
[Loss of Stock Borrow: Applicable/Not Applicable]  
[Maximum Stock Loan Rate: [Applicable/Not Applicable] [ ]]

(xxx) Other terms or special conditions: [ ]

20. **Commodity Linked Interest Note Provisions**

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*  
[The provisions of Annex 3 of the Terms and Conditions – Additional Terms and Conditions for Commodity Linked Notes shall apply.]

(i) Commodity/Commodities/Commodity Index/Basket of Commodity Indices:

(ii) Formula for calculating interest rate: [ ]

(iii) Calculation Agent responsible for making calculations in respect of the Notes: [ ]

(iv) Provisions for determining coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable, including market or settlement disruption events: [ ]

(v) Interest Period or calculation period(s): [ ]

(vi) Interest Payment Dates: [ ]

(vii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]

(viii) Business Centre(s): [ ]

- (ix) Minimum Rate of Interest: [ ] per cent. per annum
- (x) Maximum Rate of Interest: [ ] per cent. per annum
- (xi) Day Count Fraction: [ ]
- (xii) Commodity Reference Price: [ ]
- (xiii) Price Source: [ ]
- (xiv) Exchange: [ ]
- (xv) Delivery Date: [ ]
- (xvi) Pricing Date: [ ]
- (xvii) Common Pricing: [Applicable/Not Applicable] *(N.B. Only applicable in relation to Commodity Linked Notes relating to a Basket)*
- (xviii) Additional Commodity Market Disruption Events: *[specify any applicable additional Commodity Market Disruption Events]*
- Additional provisions for Commodity Trading Disruption: [Not Applicable]  
[If Trading Disruption applies, specify any additional futures contracts, options contracts or commodities and the related exchange to which Trading Disruption relates]
- Disruption Fallback(s): [As set out in the Commodity Linked Conditions]/ [ ]  
[Fallback Reference Price: alternate Commodity Reference Price – [ ]]  
[Commodity Cut-off Date: [ ]]  
[Commodity Index Cut-Off Date: [ ]]
- (xix) Commodity Business Day: [ ]
- (xx) Trade Date: [ ]
- (xxi) Weighting: The weighting to be applied to each item comprising the Basket is [ ]  
*(N.B. Only applicable in relation to Commodity Linked Notes relating to a Basket)*
- (xxii) Specified Price: [high price]  
[low price]  
[average of the high price and the low price]  
[closing price]  
[opening price]  
[bid price]  
[asked price]  
[average of the bid price and the asked price]  
[settlement price]  
[official settlement price]  
[official price]  
[morning fixing]

[afternoon fixing]  
[spot price]  
[other]

(xxiii) Other terms or special conditions: [ ]

21. **Fund Linked Interest Notes**

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*  
[The provisions of Annex 5 of the Terms and Conditions – *Additional Terms and Conditions for Fund Linked Notes* shall apply.]

(i) Fund/Basket of Funds: [ ] [The [ ] Fund is an ETF.]  
[[The Exchange for each Fund Share: [ ]]  
[Related Exchange for each Fund Share:  
[ ]/All Exchanges]]  
[Underlying Index for each ETF: [ ]]  
*(N.B. Include for ETFs)*

(ii) Fund Interests: [ ]

(iii) Formula for calculating interest rate: [ ]

(iv) Calculation Agent responsible for making calculations in respect of the Notes: [ ]

(v) Provisions for determining coupon where calculation by reference to Fund/Basket of Funds and/or other variable is impossible or impracticable, including market or settlement disruption events: [ ]

(vi) Interest Period or calculation period(s): [ ]

(vii) Interest Payment Dates: [ ]

(viii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]

(ix) Business Centre(s): [ ]

(x) Minimum Rate of Interest: [ ] per cent. per annum

(xi) Maximum Rate of Interest: [ ] per cent. per annum

(xii) Day Count Fraction: [ ]

(xiii) Trade Date: [ ]

(xiv) Averaging Date(s): [ ]

- (xv) Valuation Date(s): [ ]
- (xvi) Valuation Time: [ ]
- (xvii) Additional Disruption Event: Change in Law: [Applicable/Not Applicable]  
Hedging Disruption: [Applicable/Not Applicable]  
Increased Cost of Hedging: [Applicable/Not Applicable]
- (xviii) Other terms or special conditions: [Merger Event: Merger Date on or before [the Valuation Date/other]]

22. **Dual Currency Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Rate of Exchange/method of calculating the principal and/or interest due: [ ]
- (ii) Calculation Agent responsible for calculating the principal and/or interest due: [ ]
- (iii) Provisions applicable where calculations by reference to Rate of Exchange impossible or impracticable, including market or settlement disruption events: [ ]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [ ]

**PROVISIONS RELATING TO REDEMPTION**

23. **Issuer Option (Call)**<sup>5</sup> [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [ ] per Calculation Amount
- (b) Maximum Redemption Amount: [ ] per Calculation Amount
- (iv) Issuer's Option Period:<sup>6</sup> [ ]

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<sup>5</sup> *If Subordinated Notes, may only exercise option to redeem after five years from the date of issue.*

24. **Noteholder Option (Put)** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
- (iii) Noteholder's Option Period:<sup>6</sup> [ ]
25. **Final Redemption Amount of each Note** [[ ] per Calculation Amount  
Amount/specify other/Not Applicable]  
*(For Index Linked, Equity Linked, Commodity Linked, Fund Linked Redemption Notes and Credit Linked Notes state "Not Applicable" and complete relevant section in paragraphs 27 – 31 below)*  
*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
26. **Early Redemption Amount**
- (i) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (or, in the case of Index Linked Notes, following an Index Adjustment Event or Additional Disruption Event in accordance with the Index Linked Conditions or, in the case of Equity Linked Notes following certain corporate events or Additional Disruption Event in accordance with the Equity Linked Conditions or in the case of Fund Linked Notes, following a Fund Event and/or the method of calculating the same (if required or if different from that set out in Condition 6(d)): [ ] per Calculation Amount  
*(N.B. In the case of Index Linked, Equity Linked and Commodity Linked Notes and, Fund Linked Redemption Notes, consider deducting the cost to the Issuer and/or its affiliates of unwinding or adjusting any underlying or related funding and/or hedging arrangements in respect of the Notes)*
27. **Index Linked Redemption Notes** [Applicable/Not Applicable]  
[The provisions of Annex 1 of the Terms and Conditions – *Additional Terms and Conditions for Index Linked Notes* shall apply.] *(If not*

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<sup>6</sup> *If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and Fiscal Agent.*

*applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Index/ Basket of Indices/ Index Sponsor(s): [ ]  
 [The [ ] Index is a Unitary Index/Multi-Exchange Index/Proprietary Index]  
 [The Index Sponsor for the [ ] Index is [ ]]  
 [The Index Currency for the [ ] Index is [ ]]
- (ii) Calculation Agent responsible for making calculations in respect of the Notes: [ ]
- (iii) Final Redemption Amount: [ ] per Calculation Amount  
*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (iv) Averaging: [The Averaging Dates are [ ].]  
 [In the event that an Averaging Date is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]  
 [Common Scheduled Trading Days will apply.]  
*(N.B. May only be applicable in relation to Index Linked Notes relating to a Basket)*
- (v) Index Performance: [ ]
- (vi) Payment Date: [ ]
- (vii) Exchange Rate: [Applicable/Not Applicable]  
 [insert details]
- (viii) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Index Performance is [ ]. *(N.B. Only applicable in relation to Index Linked Notes relating to a Basket)*
- (ix) Exchange(s): [ ]
- (x) Related Exchange: [ ]/[All Exchanges]
- (xi) Valuation Date(s): [ ]
- (xii) Valuation Time: [ ]
- (xiii) Observation Date(s): [ ]
- (xiv) Observation Period: [Applicable: [Extension/No Extension] /Not Applicable]

	(a) Observation Period Start Date:	[[Including/Excluding][ ]/Not Applicable]
	(b) Observation Period End Date:	[[Including/Excluding][ ]/Not Applicable]
(xv)	Barrier Event:	[Not Applicable/Barrier Event (intraday)/Barrier Event (closing)/Common Scheduled Trading Days]
(xvi)	Barrier Level:	[[ ]/Not Applicable]
(xvii)	Disrupted Day:	If a Valuation Date, an Averaging Date or an Observation Date, as the case may be, is a Disrupted Day, the relevant level or price will be calculated [ <i>insert calculation method</i> ] ( <i>N.B. Only applicable where provisions in Index Linked Conditions are not appropriate</i> )
(xviii)	Trade Date:	[ ]
(xix)	Additional Disruption Events:	The following Additional Disruption Events apply to the Notes: [Change in Law] [Hedging Disruption] [Increased Cost of Hedging]
(xx)	Other terms or special conditions:	[ ]
28.	<b>Equity Linked Redemption Notes:</b>	[Applicable/Not Applicable] ( <i>If not applicable, delete the remaining sub-paragraphs of this paragraph</i> ) [The provisions of Annex 2 of the Terms and Conditions – <i>Additional Terms and Conditions for Equity Linked Notes</i> shall apply.]
(i)	Equity(ies)/Basket of Equities:	[ ]
(ii)	Calculation Agent responsible for making calculations in respect of the Notes:	[ ]
(iii)	Final Redemption Amount:	[ ] per Calculation Amount ( <i>N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.</i> )
(iv)	Averaging:	[The Averaging Dates are [ ].] [In the event that an Averaging Date is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.] [Common Scheduled Trading Days will apply.] ( <i>N.B. May only be applicable in relation to Equity Linked Notes relating to a Basket</i> )
(v)	Equity Performance:	[ ]
(vi)	Exchange Rate:	[Applicable/Not Applicable]



[insert details]

- (vii) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Equity Performance is [ ]. (N.B. Only applicable in relation to Equity Linked Notes relating to a Basket)
- (viii) Exchange(s): [ ]
- (ix) Related Exchange: [ ]/[All Exchanges]
- (x) Valuation Date(s): [ ]  
[Common Scheduled Trading Days will apply.]  
(N.B. May only be applicable in relation to Equity Linked Notes relating to a Basket)
- (xi) Valuation Time: [ ]
- (xii) Observation Date(s): [ ]  
[Common Scheduled Trading Days will apply.]  
(N.B. May only be applicable in relation to Equity Linked Notes relating to a Basket)
- (xiii) Observation Period: [Applicable: [Extension/No Extension] /Not Applicable]
- (a) Observation Period Start Date: [[Including/Excluding][ ]/Not Applicable]
- (b) Observation Period End Date: [[Including/Excluding][ ]/Not Applicable]
- (xiv) Barrier Event: [Not Applicable/Barrier Event (intraday)/Barrier Event (closing)/Common Scheduled Trading Days]
- (xv) Barrier Level: [[ ]/Not Applicable]
- (xvi) Disrupted Day: If a Valuation Date, an Averaging Date or an Observation Date, as the case may be, is a Disrupted Day, the relevant level or price will be calculated [insert calculation method]  
(N.B. Only applicable where provisions in Equity Linked Conditions are not appropriate)
- (xvii) Trade Date: [ ]
- (xviii) Additional Disruption Events: The following Additional Disruption Events apply to the Notes:  
[Change in Law]  
[Hedging Disruption]  
[Increased Cost of Hedging]  
[Increased Cost of Stock Borrow]  
[Initial Stock Loan Rate: [ ]]  
[Insolvency Filing]  
[Loss of Stock Borrow]  
[Maximum Stock Loan Rate: [ ]]
- (xix) Other terms or special conditions: [ ]
29. **Commodity Linked Redemption Notes:** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)  
[The provisions of Annex 3 of the Terms and

Conditions – *Additional Terms and Conditions for Equity Linked Notes* shall apply.]

- (i) Commodity/Basket of Commodities/  
Commodity Index/Basket of  
Commodity  
Indices: [ ]
- (ii) Calculation Agent responsible for  
making calculations in respect of the  
Notes: [ ]
- (iii) Final Redemption Amount: [ ] per Calculation Amount  
*(N.B. If the Final Redemption Amount is other  
than 100 per cent. of the nominal value the  
Notes will be derivative securities for the  
purposes of the Prospectus Directive and the  
requirements of Annex XII to the Prospectus  
Directive Regulation will apply.)*
- (iv) Commodity Reference Price: [ ]
- (v) Price Source: [ ]
- (vi) Exchange: [ ]
- (vii) Delivery Date: [ ]
- (viii) Pricing Date: [ ]
- (ix) Common Pricing: [Applicable] [Not Applicable] *(N.B. Only  
applicable in relation to Commodity Linked  
Notes relating to a Basket)*
- (x) Additional Commodity Market  
Disruption Events: *[specify any additional Commodity Market  
Disruption Events]*
- Additional provisions for Commodity  
Trading Disruption: [Not Applicable]  
*[If Trading Disruption applies, specify any  
additional futures contracts, options contracts  
or commodities and the related exchange to  
which Trading Disruption relates]*
- Disruption Fallback(s): [As set out in the Commodity Linked  
Conditions]/[ ]  
[Fallback Reference Price: alternate  
Commodity Reference Price – [ ]]  
[Commodity Cut-Off Date: [ ]]  
[Commodity Index Cut-Off Date: [ ]]
- (xi) Commodity Business Day: [ ]
- (xii) Trade Date: [ ]
- (xiii) Weighting: The weighting to be applied to each item  
comprising the Basket is [ ]  
*(N.B. Only applicable in relation to Commodity  
Linked Notes relating to a Basket)*
- (xiv) Specified Price: [high price]  
[low price]  
[average of the high price and the low price]

- [closing price]  
[opening price]  
[bid price]  
[asked price]  
[average of the bid price and the asked price]  
[settlement price]  
[official settlement price]  
[official price]  
[morning fixing]  
[afternoon fixing]  
[spot price]  
[*other*]  
[ ]
- (xv) Other terms or special conditions: [ ]
30. **Fund Linked Redemption Notes:** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)  
[The provisions of Annex 5 of the Terms and Conditions – *Additional Terms and Conditions for Fund Linked Notes* shall apply.]
- (i) Fund/Basket of Funds: [ ]  
[[The [ ] Fund is an ETF]  
[Exchange for each Fund Share: [ ]]  
[Related Exchange for each Fund Share: [ /All Exchanges]]  
[Underlying Index: [ ]]  
(*N.B. Include for ETFs*)
- (ii) Fund Interest(s): [ ]
- (iii) Calculation Agent responsible for making calculation in respect of the Notes: [ ]
- (iv) Final Redemption Amount: [ ] per Calculation Amount  
(*N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.*)
- (v) Trade Date: [ ]
- (vi) Averaging Date(s): [ ]
- (vii) Valuation Date(s): [ ]
- (viii) Valuation Time: [ ]
- (ix) Additional Disruption Events: Change in Law: [Applicable/Not Applicable]  
Hedging Disruption: [Applicable/Not Applicable]  
Increased Cost of Hedging: [Applicable/Not Applicable]
- (x) Other terms or special conditions: [ ]

31. **Credit Linked Notes:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*  
 [The provisions of Annex 4 of the Terms and Conditions – *Additional Terms and Conditions for Fund Linked Notes* shall apply.]
- (i) Final Redemption Amount: [ ] per Calculation Amount  
*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (ii) Trade Date: [ ]
- (iii) Credit Observation Start Date: [ ]
- (iv) Scheduled Maturity Notice Date: [ ]
- (v) CLN Maturity Date: [ ]
- (vi) Succession Event Backstop Date: [Not] subject to adjustment for non-Business Days in accordance with the Business Day Convention.
- (vii) Accrual of Interest upon Credit Event: [Applicable/Not Applicable]
- (viii) Calculation Agent responsible for making calculations and determinations in respect of the Notes: [ ]
- (ix) Reference Entity(ies):  
 Transaction Type:
- (x) Reference Obligation(s): [ ]  
 [The obligation[s] identified as follows:  
 Primary Obligor: [ ]  
 Guarantor: [ ]  
 Maturity: [ ]  
 Coupon: [ ]  
 CUSIP/ISIN: [ ]
- (xi) Calculation Agent Determination: [Applicable/Not Applicable]
- (xii) Credit Event Backstop Date: [Not] [Subject to adjustment for Non-Business Days in accordance with Business Day Convention]
- (xiii) All Guarantees: [Applicable/Not Applicable]

- (xiv) Credit Events: [As set forth in the Physical Settlement Matrix for the Transaction Type]  
 /[Bankruptcy]  
 [Failure to Pay]  
 Payment Requirement: [ ]  
 [Grace Period Extension [Applicable/Not Applicable]  
     [If Applicable:  
     Grace Period: [ ]  
 [Obligation Default]  
 [Obligation Acceleration]  
 [Repudiation/Moratorium]  
 [Repudiation/Moratorium Extension Condition - delivery of Notice of Publicly Available Information] [Applicable/Not Applicable]  
 [Restructuring]  
 Default Requirement: [ ]  
 – Provisions relating to Credit Event Notice after Restructuring Credit Event: Credit Linked Condition 11 [Applicable/Not Applicable]  
 – Provisions relating to Multiple Holder Obligation: Credit Linked Condition 12 [Applicable/Not Applicable]  
 – [Restructuring Maturity Limitation and Fully Transferable Obligation [Applicable/Not Applicable]  
 – [Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation [Applicable/Not Applicable]  
 [other]
- (xv) Nth-to-Default Notes: [Applicable/Not Applicable]  
  
 N: [ ]  
 Substitution: [Applicable/Not Applicable]  
 Credit Bid Percentage: [ ] (N.B. if Substitution applicable)
- (xvi) Conditions to Settlement: Notice of Publicly Available Information [Applicable/Not Applicable]  
 [If Applicable:  
 Public Source(s): [ ]  
 Specified Number: [ ]  
 [Officer's Certificate Applicable/Not Applicable]  
 Notice Delivery Period: [[ ]Business Days]  
 Credit Cut-Off Date: [ ]
- (xvii) Obligation(s):  
  
 Obligation Category [Payment]  
 [select one only]: [Borrowed Money]  
 [Reference Obligations Only]  
 [Bond]  
 [Loan]

		[Bond or Loan]
	Obligation Characteristics	[As set out in the Physical Settlement Matrix for the Transaction Type]
	[select all of which apply]:	[Not Subordinated] [Credit Linked Specified Currency: [specify currency] [Standard Specified Currencies] [Not Sovereign Lender] [Not Domestic Currency:] [Domestic Currency means: [specify currency]] [Not Domestic Law] [Domestic Law means: [specify law]] [Listed] [Not Domestic Issuance]
	Additional Obligation(s):	[ ]
(xviii)	Excluded Obligation(s)	[ ]
(xix)	Redemption following a Merger Event:	Credit Linked Condition 10 [Applicable/Not Applicable] (If Applicable) [Merger Event Redemption Amount: [ ]] [Merger Event Redemption Date: [ ]]
(xx)	Unwind Costs:	[Standard Unwind Costs/other/Not Applicable]
(xxi)	Provisions relating to Monoline Insurer as Reference Entity:	Credit Linked Condition 14 [Applicable/Not Applicable]
(xxii)	Provisions relating to LPN Reference Entities:	Credit Linked Condition 15 [Applicable/Not Applicable]
(xxiii)	Settlement Method:	[Cash Settlement/Physical Settlement/Auction Settlement]
(xxiv)	Fallback Settlement Method:	[Cash Settlement/Physical Settlement]
	<i>Terms relating to Cash Settlement</i>	<i>(NB include if Cash Settlement is the Settlement Method or Fallback Settlement Method)</i>
(xxv)	Credit Event Redemption Amount:	[[ ] per Calculation Amount] [As set forth in the Credit Linked Conditions]
(xxvi)	Credit Event Redemption Date:	[ ] Business Days
(xxvii)	Valuation Date:	[Single Valuation Date: [ ] Business Days] [Multiple Valuation Dates: [ ] Business Days; and each [ ] Business Days thereafter Number of Valuation Dates: [ ]]
(xxviii)	Valuation Time:	[ ]

- (xxix) Quotation Method: [Bid/Offer/Mid-market]
- (xxx) Quotation Amount: [[ ]/Representative Amount]
- (xxxix) Minimum Quotation Amount: [ ]
- (xxxii) Quotation Dealers: [ ]
- (xxxiii) Quotations: [Include Accrued Interest/Exclude Accrued Interest]
- (xxxiv) Valuation Method: [Market/Highest]  
[Average Market/Highest/Average Highest]  
[Blended Market/Blended Highest]  
[Average Blended Market/Average Blended Highest]
- (xxxv) Provisions relating to Deliverable Obligations Portfolio Valuation: Credit Linked Condition 16 [Applicable/Not Applicable]  
[If Applicable: Benchmark Obligation:  
[Reference Obligation]  
[Other]  
(NB Deliverable Obligation Category and Deliverable Obligation Characteristics should also be completed if Credit Linked Condition 16 applies)]

*Terms relating to Auction Settlement*

- (xxxvi) Auction Settlement Amount: [ ]
- (xxxvii) Auction Settlement Date: [Five Business Days/other]
- (xxxviii) Other terms or special conditions [ ]

*Terms relating to Physical Settlement*

- (xxxix) Physical Settlement Period: [ ] Business Days
- (xl) Accrued Interest on Entitlement: [Include Accrued Interest/Exclude Accrued Interest]
- (xli) Settlement Currency: [ ]
- (xlii) Deliverable Obligations: [ ]
- Deliverable Obligation Category [As set out in the Physical Settlement Matrix for the Transaction Type]/[Payment]  
[select one only]:  
[Borrowed Money]  
[Reference Obligations Only]  
[Bond]  
[Loan]  
[Bond or Loan]
- Deliverable Obligation Characteristics [As set out in the Physical Settlement Matrix]

[select all of which apply]:

for the Transaction Type]

[Credit Linked Specified Currency: [specify currency]

[Standard Specified Currencies]

[Not Sovereign Lender]

[Not Domestic Currency]

[Domestic Currency means: [specify currency]]

[Not Domestic Law]

[Domestic Law means: [specify law]]

[Listed]

[Not Contingent]

[Not Domestic Issuance]

[Assignable Loan]

[Consent Required Loan]

[Direct Loan Participation]

[Qualifying Participation Seller: Applicable/  
Not Applicable [insert details]]

[Transferable]

[Maximum Maturity: [ ]]

[Accelerated or Matured]

[Not Bearer]

Additional Deliverable Obligation(s): [ ]

(xliii) Excluded Deliverable Obligation(s): [ ]

(xliv) Indicative Quotations: [Applicable/Not Applicable]

(xlv) Cut-Off Date: [ ]

(xlvi) Guaranteed Cash Settlement Amount: [ ]

(xlvii) Delivery provisions for Entitlement if  
different from Physical Delivery Note  
Conditions: [ ]

(xlviii) Other terms or special conditions: [ ]

32. **Physical Delivery Notes:**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining  
subparagraphs of this paragraph)*

*(N.B. Not applicable to Credit Linked Notes)*

[Cash Settlement/Physical Delivery/Cash  
Settlement and/or Physical Delivery] *(If Cash  
Settlement and/or Physical Delivery specified,  
specify details for determining in what  
circumstances Cash Settlement or Physical  
Delivery will apply)*

[The provisions of Annex 6 of the Terms and  
Conditions - *Additional Terms and Conditions  
for Physical Delivery Notes* shall apply.]

(i) Relevant Asset(s): [ ]



- (ii) Entitlement: [ ]
- (iii) Cut-Off Date: [ ]
- (iv) Guaranteed Cash Settlement Amount: [ ]
- (v) Failure to Deliver due to Illiquidity: [Applicable/Not Applicable]
- (vi) Delivery provisions for Entitlement if different from Physical Delivery Note Conditions: [ ]
- (vii) Settlement Business Day: [ ]
- (viii) Issuer's option to vary Settlement: [Applicable/Not Applicable]
- (ix) Other terms or special Conditions: [ ]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

33. Form of Notes :

**Bearer Notes:**

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for [definitive Notes on [ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note] [and/or Registered Notes]]

[Temporary Global Note exchangeable for [definitive Notes on [ ] days' notice] [and/or Registered Notes]]

[Permanent Global Note exchangeable for [definitive Notes on [days' notice/at any time/in the limited circumstances specified in the Permanent Global Note] [Registered Notes]]

*[If item 6(i) provides for a Specified Denomination and higher integral multiples, the option to exchange into definitive notes at any time must be disappplied]*

**[Registered Notes]**

34. New Global Note:

[Yes/No]

35. Financial Centre(s) or other special provisions relating to Payment Dates: (Condition 6(h))

[Not Applicable/give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15(ii), 16(v) and 18(ix) relate]

36. Talons for future Coupons or Receipts to be attached to definitive Notes (and dates on which

[Yes/No. If yes, give details]

such Talons mature):

37. Unmatured Coupons to become void on early redemption: [Yes/No]
38. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details. N.B. a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues]
39. Details relating to Instalment Notes: Instalment Amount, Instalment Date: [Not Applicable/give details]
40. Redenomination: [Not Applicable/The provisions [in Condition •] [annexed to this Final Terms] apply] [(If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))]
41. Other terms or special conditions: [Not Applicable/give details]
- (when adding other terms or conditions consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive)*

## DISTRIBUTION

42. (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/give names]
- (Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
- (ii) Date of Subscription Agreement: [ ]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]
43. If non-syndicated, name and address of Dealer: [Not Applicable/give name]
44. Total commissions and concessions: [ ] per cent. of the Aggregate Principal Amount
45. Additional selling restrictions: [Not Applicable/give details]
46. U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA]

C/TEFRA D/TEFRA not applicable]

47. Non-exempt Offer:

[Not Applicable] [An offer of the Notes may be made by the Managers [and [specify names of other financial intermediaries/placers making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. "other parties authorised by the Managers") or (if relevant) note that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known]] (together with the Managers, the "Financial Intermediaries") 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 supplement have been passported] (“**Public Offer Jurisdictions**”) during the period from [specify date] until [specify date] (“**Offer Period**”). See further Paragraph 10 of Part B below.

*(N.B. Consider any local regulatory requirements necessary to be fulfilled so 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 base prospectus (and any supplement) has been notified/passported.)*

## PURPOSE OF THE FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on the [London Stock Exchange’s Regulated Market/specify other relevant regulated market] of the Notes described herein] pursuant to the U.S.\$20,000,000,000 Euro Medium Term Note Programme of The Bank of Nova Scotia]

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[*Relevant third party information*] has been extracted from [specify source]]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from the information published by [specify source], no facts have been omitted which would render the reproduced inaccurate or misleading.

Signed on behalf of the Issuer:

By: \_\_\_\_\_

Duly authorised

## **PART B – OTHER INFORMATION**

### **1. LISTING**

[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on *[specify relevant regulated market]* with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on *[specify relevant regulated market]* with effect from [ ].] [Not Applicable.]

*(N.B. Notes admitted to trading on the London Stock Exchange's Regulated Market will also be admitted to the Official List as a matter of course.)*

*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*

### **2. RATINGS**

[The Notes to be issued have been]/[are expected to be] rated *[insert details]* by *[insert the legal name of the relevant credit rating agency entity(ies)]*.

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

[The Notes have not specifically been rated.]

[[*Insert credit rating agency*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009.]

[[*Insert credit rating agency*] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009.]

[[*Insert credit rating agency*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009. The ratings [[have been]/[are expected to be]] endorsed by *[insert the name of the relevant EU-registered credit rating agency]* in accordance with Regulation (EC) No. 1060/2009. [*Insert the name of the relevant EU-registered credit rating agency*] is established in the European Union and registered under Regulation (EC) No. 1060/2009.]

[[*Insert credit rating agency*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009, but it is certified in accordance with such Regulation.]

### **3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]**

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

[Save [as discussed in ["Plan of Distribution"]][for any fees payable to the [Managers/Dealer]], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. - *Amend as appropriate if there are other interests*]

*[When adding any other description, consideration should be given as to whether such matters*

*described constitute “significant new factors” and consequently trigger the need for a supplementary prospectus under Article 16 of the Prospectus Directive.]*

4. **[REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES]**

- [(i) Reasons for the offer: [ ] (See “Use of Proceeds” wording in Prospectus and if reasons for offer differ from those set out in the Prospectus, need to include those reasons here.)
- [(ii) Estimated net proceeds: [ ]] (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds are insufficient to fund all proposed uses state sources of other funding.)
- [(iii) Estimated total expenses: [ ]
- [Include breakdown of expenses]  
(If Notes are derivative securities for which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds at (ii) and (iii) above where disclosure is included at (i) above.)

5. **[Fixed rate Notes only – YIELD]**

- Indication of yield: [ ]
- Calculated as [include details of method of calculation in summary form] on the Issue Date.
- As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. **[Floating Rate Notes only – HISTORIC INTEREST RATES]**

Details of historic [LIBOR/EURIBOR/other] rate can be obtained from [Reuters].]

7. **[Index-Linked or other variable-linked Interest Notes only – PERFORMANCE OF INDEX/FORMULA/other variable, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING]**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. Where underlying is an index, need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index, need to include equivalent information. Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.*

*[When completing this paragraph consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need to supplement the Prospectus under Article 16 of the Prospectus Directive.]*

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information].

8. **[Dual Currency Notes only - PERFORMANCE OF RATE[S] OF EXCHANGE**

*Need to include details of where past and future performance and volatility of the rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when risks are most evident.]*

*[When completing this paragraph consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need to supplement the Prospectus under Article 16 of the Prospectus Directive]*

9. **OPERATIONAL INFORMATION**

(i) ISIN Code: [ ]

(ii) Common Code: [ ]

(iii) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not applicable/*give name(s) and numbers*]

(iv) Delivery: Delivery [against/free of] payment

(v) Names and addresses of initial Paying Agent(s) (if any): [None/*specify*]

(vi) Names and addresses of additional Paying Agents (if any): [ ]

(vii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes/No]

[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSD’s as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.]

[Include text if “yes” is selected in which case the Notes must be issued in NGN form]

10. **TERMS AND CONDITIONS OF THE OFFER**

Offer Price: [Issue Price][*specify*]

Conditions to which the offer is subject: [Not Applicable/*give details*]

Description of the application process:	[Not Applicable/ <i>give details</i> ]
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable/ <i>give details</i> ]
Details of the minimum and/or maximum amount of application (whether in number of instruments or aggregate amount to invest):	[Not Applicable/ <i>give details</i> ]
Details of the method and time limits for paying up and delivering the Notes:	[Not Applicable/The Notes will be issued on the Issue Date against payment to the Issuer of the net subscription monies / <i>give details</i> ]
Manner in and date on which results of the offer are to be made public:	[Not Applicable/ <i>give details</i> ]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable/ <i>give details</i> ]
Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:	[Not Applicable/Offers may be made by the Managers [and] <i>[insert any financial intermediaries approved by the Issuer]</i> in [insert jurisdiction where the Prospectus has been approved and published and jurisdictions into which it has been passported] to any person [insert suitability criteria, if any are deemed appropriate]. In other EEA Member States, 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 the amount allotted and the indication whether dealing may begin before notification is made:	[Not Applicable/ <i>give details</i> ]
Amount of any expenses and taxes specifically charged to the subscribed or purchaser:	[Not Applicable/ <i>give details</i> ]
Name(s) and address(es), to the extent known to the Issuer, of the places in the various countries where the offer takes place:	[None know to the Issuer/ <i>give details</i> ]



**SCHEDULE B –  
PRO FORMA FINAL TERMS  
[DENOMINATION OF AT LEAST €100,000 OR EQUIVALENT  
IN OTHER CURRENCIES  
TO BE ADMITTED TO AN EEA REGULATED MARKET]**

**Final Terms dated •**

The Bank of Nova Scotia  
Issue of [Aggregate Principal Amount of Tranche] [Title of Notes]  
under the U.S.\$20,000,000,000  
Euro Medium Term Note Programme

**PART A – CONTRACTUAL TERMS**

This document constitutes the Final Terms relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the “Conditions”) set forth in the Prospectus dated June 27, 2012 [and the supplemental Prospectus dated •] which [together] constitute[s] a base prospectus (the “Prospectus”) for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus [and the supplemental prospectus] [is] [are] available for viewing during normal office hours at the office of the Fiscal Agent, Registrar and Transfer Agent and copies may be obtained from the principal office of the Issuer and may also be viewed on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> under the name of the Issuer [and copies may be available from [address].]

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.]*

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the “Conditions”) set forth in the Prospectus dated [original date] which are incorporated by reference in the Prospectus dated [current date] and are attached hereto. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”) and must be read in conjunction with the Prospectus dated June 27, 2012 [and the supplemental Prospectus dated •], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus dated June 27, 2012 [and the supplemental Prospectus dated •]. The Prospectus dated June 27, 2012 [and the supplemental Prospectus(es)] and the Conditions which are extracted from the Prospectus dated [original date] and are incorporated by reference in the Prospectus dated June 27, 2012 are available for viewing during normal business hours at the office of Fiscal Agent, Registrar and Transfer Agent and copies may be obtained from the principal office of the Issuer and may also be viewed on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> under the name of the Issuer [and copies may be available from [address]].]

*[Consider including the following paragraphs for Index Linked Notes, Equity Linked Notes, Commodity Linked Notes, Credit Linked Notes and Fund Linked Notes.]*

*[No person has been authorised to give any information or make any representation not contained in or not consistent with these Final Terms, or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any Dealer. By investing in the Notes each Investor represents that:*

*(a) Non-Reliance. It is acting for its own account, and it has made its own independent decisions to invest in the Notes and as to whether the investment in the Notes is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Issuer or any Dealer as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the terms and conditions of the Notes shall not be considered to be investment advice or a recommendation to invest in the Notes. No communication (written or oral) received from the Issuer or any Dealer shall be deemed to be an assurance or guarantee as to the expected results of the investment in the Notes.*

*(b) Assessment and Understanding. It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms and conditions and the risks of the investment in the Notes. It is also capable of assuming, and assumes, the risks of the investment in the Notes.*

*(c) Status of Parties. Neither the Issuer nor any Dealer is acting as a fiduciary for or adviser to it in respect of the investment in the Notes.*

**AN INVESTMENT IN NOTES LINKED TO ONE OR MORE REFERENCE ITEMS MAY ENTAIL SIGNIFICANT RISKS NOT ASSOCIATED WITH INVESTMENTS IN A CONVENTIONAL DEBT SECURITY. THE AMOUNT PAID BY THE ISSUER ON REDEMPTION OF THE NOTES MAY BE LESS THAN THE NOMINAL AMOUNT OF THE NOTES, TOGETHER WITH ANY ACCRUED INTEREST, AND MAY IN CERTAIN CIRCUMSTANCES BE ZERO. [WHERE THE NOTES ARE REDEEMED BY THE ISSUER BY DELIVERY OF REFERENCE ITEM(S) THE VALUE OF THE REFERENCE ITEM(S) MAY BE LESS THAN THE NOMINAL AMOUNT OF THE NOTES, TOGETHER WITH ANY ACCRUED INTEREST, AND MAY IN CERTAIN CIRCUMSTANCES BE ZERO.]**

**INVESTORS SHOULD BE PREPARED TO SUSTAIN A LOSS OF ALL OR PART OF THEIR INVESTMENT.]**

[The information included herein with respect to indices and/or formulas comprising, based on or referring to variations in the prices of one or more shares in companies, any other equity or non-equity securities, currencies or currency exchange rates, interest rates, credit risks, fund units, shares in investment companies, term deposits, life insurance contracts, loans, commodities or futures contracts on the same or any other underlying instrument(s) or asset(s) or the occurrence or not of certain events not linked to the Issuer or any other factors to which the Notes are linked (the “Underlyings”) consists only of extracts from, or summaries of publicly available information. The Issuer accepts responsibility that such extracts or summaries have been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the issuer, owner or sponsor, as the case may be, of such Underlyings, no facts have been omitted that would render the reproduced extracts or summaries inaccurate or misleading. No further or other responsibility in respect of such information is accepted by the Issuer. In particular, neither the Issuer nor any Dealer accepts responsibility in respect of the accuracy or completeness of the information set forth herein concerning the Underlyings of the Notes or that there has not occurred any event which would affect the accuracy or completeness of such information.

The purchase of Notes issued under the Programme is associated with certain risks. Each prospective Investor in Notes must ensure that the complexity and risks inherent in the Notes are suitable for its investment objectives and are appropriate for itself or the size, nature and condition of its business, as the case may be. No person should deal in the Notes unless that person understands the nature of the relevant transaction and the extent of that person’s exposure to potential loss. Each prospective purchaser of Notes should consider carefully whether the Notes are suitable for it in light of its circumstances and

financial position. Prospective Investors in Notes should consult their own legal, tax, accountancy and other professional advisers to assist them in determining the suitability of the Notes for them as an investment.

**INVESTORS SHOULD REFER TO THE SECTION HEADED “RISK FACTORS” IN THE PROSPECTUS FOR A DISCUSSION OF CERTAIN MATTERS THAT SHOULD BE CONSIDERED WHEN MAKING A DECISION TO INVEST IN THE NOTES.]**

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]*

*[When completing any Final Terms, or adding any other Final Terms or information, consideration should be given as to whether such terms or information constitutes “significant new factors” and consequently trigger the need for a supplemental to the Prospectus under Article 16 of the Prospectus Directive.]*

1. Issuer: [ ]  
*[Indicate branch where applicable]*
  
2. [(i)] Series Number: [ ]  
[(ii) Tranche Number: [ ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).*
  
3. Specified Currency or Currencies: [ ]
  
4. Aggregate Principal Amount:  
[(i)] Series: [ ]  
[(ii) Tranche: [ ]
  
5. Issue Price: [ ] per cent. of the Aggregate Principal Amount [plus accrued interest from *[insert date]* (if applicable)]
  
6. (i) Specified Denomination(s): *[For multiple Specified Denominations greater than €100,000 (or equivalent in other currencies) insert: [ ] and integral multiples of [1,000] in excess thereof up to and including [199,000]. No Notes in definitive form will be issued with a denomination above [199,000].]*  
  
[[ ]/Not Applicable]  
  
*So long as the Notes are represented by a temporary Global Note or a permanent Global Note and the relevant clearing system(s) so permit, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest*

*Specified Denomination) and higher integral multiples of at least [1,000], notwithstanding that no definitive Notes will be issued with a denomination above [99,000].*

- (ii) Calculation Amount: [ ]  
*[If there is only one Specified Denomination and no integral multiples in excess thereof, insert the Specified Denomination. If there is more than one Specified Denomination and no integral multiples in excess thereof, insert the highest common factor of the Specified Denominations. If there are integral multiples in excess of the Specified Denomination(s), insert the highest common factor of the integral multiples and the Specified Denomination(s).] [Note: There must be a common factor in the case of integral multiples in excess of the Specified Denomination(s) or two or more Specified Denominations].*
7. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: [*Specify*/Issue Date/Not Applicable]
8. Maturity Date: [*Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year*]
9. Interest Basis:<sup>1</sup> [ • per cent. Fixed Rate]  
[[*specify reference rate*] +/- • per cent. Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]  
[Equity Linked Interest]  
[Commodity Linked Interest]  
[Fund Linked Interest]  
[Other (*specify*)]  
(further particulars specified below)
10. [(a)]Redemption/Payment Basis:<sup>1,2</sup> [Redemption at par]  
[Index Linked Redemption]

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<sup>1</sup> *If any interest payable on a Reference Item Linked Note issued by the Bank, or any portion of the principal amount of a Reference Item Linked Note issued by the Bank in excess of its issue price is contingent or dependent on the use of or production from property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any other similar criterion or by reference to dividends, interest on such Note, together with any such portion of such principal, may be subject to Canadian non-resident withholding tax. The Issuer should obtain an opinion of counsel or otherwise obtain confirmation that the Issuer is not obliged to withhold or deduct amounts from payments of principal or interest on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Canada or, in addition, if the Issuer's branch of account is located outside Canada, the country in which such branch of account is located or any political subdivision or authority therein or thereof having power to tax.*

<sup>2</sup> *If the Final Redemption Amount is other than 100 per cent. of the principal value the Notes will be derivative securities for the purpose of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive will apply and the Issuer may prepare and publish a supplement to the Prospectus.*

[Equity Linked Redemption]  
 [Commodity Linked Redemption]  
 [Fund Linked Redemption]  
 [Credit Linked Redemption]  
 [Dual Currency]  
 [Partly Paid]  
 [Instalment]  
 [Other (*specify*)]  
*(N.B. If the Final Redemption Amount is other than 100 per cent. of the principal amount, the Notes will be derivative securities for purposes of the Prospectus Directive and Annex XII to the PD Regulation will apply)*

- [(b)] Protection Amount: [Principal Protected/[ ] per cent. of the Calculation Amount/Not Applicable<sup>3</sup>  
 [Applicable/Not Applicable]
11. Change of Interest or Redemption/Payment Basis: [Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]
12. Put/Call Options: [Issuer's Option]  
 [Noteholders' Option]  
 [(further particulars specified below)]
13. [(i)] Status of the Notes: [Specify Deposit Notes/Subordinated Notes]<sup>4</sup>
14. Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. **Fixed Rate Note Provisions:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Interest Rate(s): [ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"] commencing on [ ], [ ] [adjusted/not adjusted]

<sup>3</sup> Only applies to Reference Item Linked Notes

<sup>4</sup> Add the following language for Subordinated Notes or if Board (or similar) authorization is required for the particular Tranche of notes:  
 Date Board approval for issuance of [Subordinated Notes] obtained: [ ] [and [ ], respectively]

*[N.B. Amend for long or short coupons]*

- (iii) Fixed Coupon Amount[(s)]: [ ] per Calculation Amount
- (iv) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling on [ ]/Not Applicable
- (v) Day Count Fraction: [30/360 / Actual/Actual (ICMA) / other]
- (vi) [Determination Date(s)]: [ ] in each year (*insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)*)
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]

**16. Floating Rate Note Provisions**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph.)*

- (i) Interest Period Dates: [ ]
- (ii) Interest Payment Dates: [ ]
- (iii) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other (*give details*)]
- (iv) Business Centre(s): [ ]
- (v) Primary Source: [Screen Rate/ Reference Banks/other (*give details, including reference rate*)]
- (vi) Benchmark and Relevant Currency: [ ]
- (vii) Calculation Agent: [ ]
- (viii) Relevant Screen Page: [ ]
- (ix) Interest Determination Date(s): [ ]
- (x) Reference Banks: [*specify four*]
- (xi) Relevant Time: [ ]
- (xii) Specified Duration: [*specify period for quote, if not duration of Interest Period*]

- (xiii) Representative Amount: [ ]
- (xiv) Margin(s): [ +/- ] [ ] per cent. per annum
- (xv) Rate Multiplier: [Applicable/Not Applicable]  
(specify formula)
- (xvi) Minimum Interest Rate: [ ] per cent. per annum
- (xvii) Maximum Interest Rate: [ ] per cent. per annum
- (xviii) Day Count Fraction: [Actual/Actual][Actual/Actual  
(ICMA)][Actual/365 (Fixed)] [Actual/365  
(Sterling)] [Actual/360]  
[30/360][30E/360][Other]  
(See Conditions 4(i) for alternatives)
- (xix) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
- (xx) Effective Date: [ ]
- 17. Zero Coupon/High Interest/Low Interest Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Amortisation Yield: [ ] per cent. per annum
- (ii) Reference Price: [ ]
- (iii) Any other formula/basis of determining amount payable: [ ]
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Actual/Actual][Actual/Actual  
(ICMA)][Actual/365 (Fixed)][Actual/365  
(Sterling)] [Actual/360][30/360][30E/360]  
[Conditions 4(i) apply/specify other]  
(Consider applicable day count fraction if not U.S. dollar denominated)
- 18. Index Linked Interest Note Provisions** [Applicable/Not Applicable]  
[The provisions of Annex 1 of the Terms and Conditions – *Additional Terms and Conditions for Index Linked Notes* shall apply.] (If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Index/ Basket of Indices/ Index Sponsor(s): [ ]  
 [The [ ] Index is a Unitary Index/Multi-Exchange Index/Proprietary Index]  
 [The Index Sponsor for the [ ] Index is [ ]]  
 [The Index Currency for the [ ] Index is [ ]]
- (ii) Formula for calculating interest rate: [ ]
- (iii) Calculation Agent responsible for making calculations in respect of the Notes: [ ]
- (iv) Provisions for determining coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable, including market or settlement disruption events: [ ]
- (v) Interest Period or calculation period(s): [ ]
- (vi) Interest Payment Dates: [ ]
- (vii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]
- (viii) Business Centre(s): [ ]
- (ix) Minimum Rate of Interest: [ ] per cent. per annum
- (x) Maximum Rate of Interest: [ ] per cent. per annum
- (xi) Day Count Fraction: [ ]
- (xii) Averaging: [The Averaging Dates are [ ].]  
 [In the event that an Averaging Date is a Disrupted Day, [Omission/Postponement/ Modified Postponement] will apply.]  
 [Common Scheduled Trading Days will apply.]  
*(N.B. May only be applicable in relation to Index Linked Notes relating to a Basket)*
- (xiii) Index Performance: [ ]
- (xiv) Exchange Rate: [Applicable/Not Applicable]  
*[insert details]*
- (xv) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Index Performance is [ ]. *(N.B. May only be applicable in relation to Index Linked Notes relating to a Basket)*



- (xvi) Exchange(s): [    ]
- (xvii) Related Exchange: [    ]/[All Exchanges]
- (xviii) Valuation Date(s): [    ]
- [Common Scheduled Trading Days will apply.]  
(N.B. May only be applicable in relation to Index Linked Notes relating to a Basket)
- (xix) Valuation Time: [    ]
- (xx) Observation Date(s): [    ]
- (xxi) Observation Period: [Applicable: [Extension/No Extension] /Not Applicable]
- (a) Observation Period Start Date: [[Including/Excluding] [    ]/Not Applicable]
- (b) Observation Period End Date: [[Including/Excluding] [    ]/Not Applicable]
- (xxii) Barrier Event: [Not Applicable/Barrier Event (intraday)/Barrier Event (closing)/Common Scheduled Trading Days]
- (xxiii) Barrier Level: [[    ]/Not Applicable]
- (xxiv) Disrupted Day: If a Valuation Date, an Averaging Date or an Observation Date, as the case may be, is a Disrupted Day, the relevant level or price will be calculated [insert calculation method]  
(N.B. Only applicable where provisions in Index Linked Conditions are not appropriate)
- (xxv) Trade Date: [    ]
- (xxvi) Additional Disruption Events: The following Additional Disruption Events apply to the Notes:  
[Change in Law: [Applicable/Not Applicable]]  
[Hedging Disruption: Applicable/Not Applicable]]  
[Increased Cost of Hedging: Applicable/Not Applicable]]
- (xxvii) Other terms or special conditions: [    ]

19. <b>Equity Linked Interest Note Provisions</b>	[Applicable/Not Applicable] [The provisions of Annex 2 of the Terms and Conditions – <i>Additional Terms and Conditions for Equity Linked Notes</i> shall apply.] <i>(If not applicable, delete remaining sub-paragraphs of this paragraph)</i>
(i) Share(s)/Basket of Share(s):	[ ]
(ii) Formula for calculating interest rate:	[ ]
(iii) Calculation Agent responsible for making calculations in respect of the Notes:	[ ]
(iv) Provisions for determining coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable, including market or settlement disruption events:	[ ]
(v) Interest Period or calculation period(s):	[ ]
(vi) Interest Payment Dates:	[ ]
(vii) Business Day Convention:	[Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other <i>(give details)</i> ]
(viii) Business Centre(s):	[ ]
(ix) Minimum Rate of Interest:	[ ] per cent. per annum
(x) Maximum Rate of Interest:	[ ] per cent. per annum
(xi) Day Count Fraction:	[ ]
(xii) Averaging:	[The Averaging Dates are [ ].] [In the event that an Averaging Date is a Disrupted Day, [Omission/Postponement/ Modified Postponement] will apply.] [Common Scheduled Trading Days will apply.] <i>(N.B. May only be applicable in relation to Equity Linked Notes relating to a Basket)</i>
(xiii) Share Performance:	[ ]
(xiv) Exchange Rate:	[Applicable/Not Applicable] <i>[insert details]</i>
(xv) Weighting:	The weighting to be applied to each item comprising the Basket to ascertain the Equity Performance is [ ]. <i>(N.B. May only be applicable in relation to Equity Linked Notes)</i>

*relating to a Basket*)

- (xvi) Exchange(s): [ ]
- (xvii) Related Exchange: [ ]/[All Exchanges]
- (xviii) Valuation Date(s): [ ]
- [Common Scheduled Trading Days will apply.]  
*(N.B. May only be applicable in relation to Equity Linked Notes relating to a Basket)*
- (xix) Valuation Time: [ ]
- (xx) Observation Date(s): [ ]
- (xxi) Observation Period: [Applicable: [Extension/No Extension] /Not Applicable]
- (a) Observation Period Start Date: [[Including/Excluding] [ ]/Not Applicable]
- (b) Observation Period End Date: [[Including/Excluding] [ ]/Not Applicable]
- (xxii) Barrier Event: [Not Applicable/Barrier Event (intraday)/Barrier Event (closing)/Common Scheduled Trading Days]
- (xxiii) Barrier Level: [[ ]/Not Applicable]
- (xxiv) Disrupted Day: If a Valuation Date, an Averaging Date or an Observation Date, as the case may be, is a Disrupted Day, the relevant level or price will be calculated [insert calculation method]  
*(N.B. Only applicable where provisions in Index Linked Conditions are not appropriate)*
- (xxv) Tender Offer: [Applicable/Not Applicable]
- (xxvi) Share Substitution: [Applicable/Not Applicable]  
[If Applicable: Share Substitution Criteria is [ ]]
- (xxvii) Local Tax Adjustment: [Applicable/Not Applicable]  
Local Jurisdiction: [ ]
- (xxviii) Trade Date: [ ]
- (xxix) Additional Disruption Events: The following Additional Disruption Events apply to the Notes:  
[Change in Law: Applicable/Not Applicable]  
[Hedging Disruption: Applicable/Not Applicable]  
[Increased Cost of Hedging: Applicable/Not

Applicable]]  
 [Increased Cost of Stock Borrow:  
 Applicable/Not Applicable]]  
 [Initial Stock Loan Rate: [Applicable/Not  
 Applicable] [ ]]  
 [Insolvency Filing: Applicable/Not  
 Applicable]]  
 [Loss of Stock Borrow: Applicable/Not  
 Applicable]]  
 [Maximum Stock Loan Rate: [Applicable/Not  
 Applicable] [ ]]

(xxx) Other terms or special conditions: [ ]

**20. Commodity Linked Interest Note Provisions**

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining  
 sub-paragraphs of this paragraph)*  
 [The provisions of Annex 3 of the Terms and  
 Conditions – Additional Terms and  
 Conditions for Commodity Linked Notes  
 shall apply.]

- (i) Commodity/Commodities/Commodity Index/Basket of Commodity Indices:
- (ii) Formula for calculating interest rate: [ ]
- (iii) Calculation Agent responsible for making calculations in respect of the Notes: [ ]
- (iv) Provisions for determining coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable, including market or settlement disruption events: [ ]
- (v) Interest Period or calculation period(s): [ ]
- (vi) Interest Payment Dates: [ ]
- (vii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]
- (viii) Business Centre(s): [ ]
- (ix) Minimum Rate of Interest: [ ] per cent. per annum
- (x) Maximum Rate of Interest: [ ] per cent. per annum
- (xi) Day Count Fraction: [ ]
- (xii) Commodity Reference Price: [ ]

- (xiii) Price Source: [    ]
- (xiv) Exchange: [    ]
- (xv) Delivery Date: [    ]
- (xvi) Pricing Date: [    ]
- (xvii) Common Pricing: [Applicable/Not Applicable] *(N.B. Only applicable in relation to Commodity Linked Notes relating to a Basket)*
- (xviii) Additional Commodity Market Disruption Events: [*specify any applicable additional Commodity Market Disruption Events*]
- Additional provisions for Commodity Trading Disruption: [Not Applicable]  
[If Trading Disruption applies, specify any additional futures contracts, options contracts or commodities and the related exchange to which Trading Disruption relates]
- Disruption Fallback(s): [As set out in the Commodity Linked Conditions]/ [    ]  
[Fallback Reference Price: alternate Commodity Reference Price – [    ]]  
[Commodity Cut-off Date: [    ]]  
Commodity Index Cut-Off Date: [    ]
- (xix) Commodity Business Day: [    ]
- (xx) Trade Date: [    ]
- (xxi) Weighting: The weighting to be applied to each item comprising the Basket is [    ]  
*(N.B. Only applicable in relation to Commodity Linked Notes relating to a Basket)*
- (xxii) Specified Price: [high price]  
[low price]  
[average of the high price and the low price]  
[closing price]  
[opening price]  
[bid price]  
[asked price]  
[average of the bid price and the asked price]  
[settlement price]  
[official settlement price]  
[official price]  
[morning fixing]  
[afternoon fixing]  
[spot price]  
[other]
- (xxiii) Other terms or special conditions: [    ]

21. **Fund Linked Interest Notes**

[Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)  
[The provisions of Annex 5 of the Terms and Conditions – *Additional Terms and Conditions for Fund Linked Notes* shall apply.]

- (i) Fund/Basket of Funds: [ ] [The [ ] Fund is an ETF.]  
[[The Exchange for each Fund Share: [ ]]  
[Related Exchange for each Fund Share:  
[ ]/All Exchanges]]  
[Underlying Index for each ETF: [ ]]  
(N.B. Include for ETFs)
- (ii) Fund Interests: [ ]
- (iii) Formula for calculating interest rate: [ ]
- (iv) Calculation Agent responsible for making calculations in respect of the Notes: [ ]
- (v) Provisions for determining coupon where calculation by reference to Fund/Basket of Funds and/or other variable is impossible or impracticable, including market or settlement disruption events: [ ]
- (vi) Interest Period or calculation period(s): [ ]
- (vii) Interest Payment Dates: [ ]
- (viii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (ix) Business Centre(s): [ ]
- (x) Minimum Rate of Interest: [ ] per cent. per annum
- (xi) Maximum Rate of Interest: [ ] per cent. per annum
- (xii) Day Count Fraction: [ ]
- (xiii) Trade Date:
- (xiv) Averaging Date(s):
- (xv) Valuation Date(s):
- (xvi) Valuation Time:
- (xvii) Additional Disruption Event: Change in Law: [Applicable/Not Applicable]  
Hedging Disruption: [Applicable/Not Applicable]

Increased Cost of Hedging: [Applicable/Not Applicable]

(xviii) Other terms or special conditions: [Merger Event: Merger Date on or before [the Valuation Date/other]]

22. **Dual Currency Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(i) Rate of Exchange/method of calculating the principal and/or interest due:

(ii) Calculation Agent responsible for calculating the principal and/or interest due: [ ]

(iii) Provisions applicable where calculations by reference to Rate of Exchange impossible or impracticable, including market or settlement disruption events: [ ]

(iv) Person at whose option Specified Currency(ies) is/are payable: [ ]

#### PROVISIONS RELATING TO REDEMPTION

23. **Issuer Option (Call)**<sup>5</sup> [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(i) Optional Redemption Date(s): [ ]

(ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ] per Calculation Amount

(iii) If redeemable in part:

(a) Minimum Redemption Amount: [ ] per Calculation Amount

(b) Maximum Redemption Amount: [ ] per Calculation Amount

(iv) Issuer's Option Period:<sup>6</sup> [ ]

24. **Noteholder Option (Put)** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(i) Optional Redemption Date(s): [ ]

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<sup>5</sup> *If Subordinated Notes, may only exercise option to redeem after five years from the date of issue.*

<sup>6</sup> *If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and Fiscal Agent.*

- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [ ] per Calculation Amount
- (iii) Noteholder's Option Period:<sup>4</sup> [ ]
25. **Final Redemption Amount of each Note** [[ ] per Calculation Amount Amount/specify other/Not Applicable (*For Index Linked, Equity Linked, Commodity Linked, Fund Linked Redemption Notes and Credit Linked Notes state "Not Applicable" and complete relevant section in paragraphs [27] – [31] below*)]  
*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
26. **Early Redemption Amount**
- (i) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (or, in the case of Index Linked Notes, following an Index Adjustment Event or Additional Disruption Event in accordance with the Index Linked Conditions or, in the case of Equity Linked Notes following certain corporate events or Additional Disruption Event in accordance with the Equity Linked Conditions or in the case of Fund Linked Notes, following a Fund Event and/or the method of calculating the same (if required or if different from that set out in Condition 6(d)): [ ] per Calculation Amount  
*(N.B. In the case of Index Linked, Equity Linked and Commodity Linked, Fund Linked Redemption Notes and Credit Linked Notes, consider deducting the cost to the Issuer and/or its affiliates of unwinding or adjusting any underlying or related funding and/or hedging arrangements in respect of the Notes)*
27. **Index Linked Redemption Notes** [Applicable/Not Applicable]  
 [The provisions of Annex 1 of the Terms and Conditions – *Additional Terms and Conditions for Index Linked Notes* shall apply.] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Index/ Basket of Indices/ Index Sponsor(s): [ ]  
 [The [ ] Index is a Unitary Index/Multi-Exchange Index/Proprietary Index]  
 [The Index Sponsor for the [ ] Index is [ ]]  
 [The Index Currency for the [ ] Index is [ ]]



- (ii) Calculation Agent responsible for making calculations in respect of the Notes: [ ]
- (iii) Final Redemption Amount: [ ] per Calculation Amount  
(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
- (iv) Averaging: [The Averaging Dates are [ ]].  
[In the event that an Averaging Date is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.]  
[Common Scheduled Trading Days will apply.]  
(N.B. May only be applicable in relation to Index Linked Notes relating to a Basket)
- (v) Index Performance: [ ]
- (vi) Payment Date: [ ]
- (vii) Exchange Rate: [Applicable/Not Applicable]  
[insert details]
- (viii) Weighting: The weighting to be applied to each item comprising the Basket to ascertain the Index Performance is [ ]. (N.B. Only applicable in relation to Index Linked Notes relating to a Basket)
- (ix) Exchange(s): [ ]
- (x) Related Exchange: [ ]/[All Exchanges]
- (xi) Valuation Date(s): [ ]
- (xii) Valuation Time: [ ]
- (xiii) Observation Date(s): [ ]
- (xiv) Observation Period: [Applicable: [Extension/No Extension] /Not Applicable]  
(a) Observation Period Start Date: [[Including/Excluding][ ]/Not Applicable]  
(b) Observation Period End Date: [[Including/Excluding][ ]/Not Applicable]
- (xv) Barrier Event: [Not Applicable/Barrier Event (intraday)/Barrier Event (closing)/Common Scheduled Trading Days]
- (xvi) Barrier Level: [[ ]/Not Applicable]
- (xvii) Disrupted Day: If a Valuation Date, an Averaging Date or an Observation Date, as the case may be, is a

		Disrupted Day, the relevant level or price will be calculated [ <i>insert calculation method</i> ] ( <i>N.B. Only applicable where provisions in Index Linked Conditions are not appropriate</i> )
(xviii)	Trade Date:	
(xix)	Additional Disruption Events:	The following Additional Disruption Events apply to the Notes: [Change in Law] [Hedging Disruption] [Increased Cost of Hedging]
(xx)	Other terms or special conditions:	[     ]
28.	<b>Equity Linked Redemption Notes:</b>	[Applicable/Not Applicable] ( <i>If not applicable, delete the remaining sub-paragraphs of this paragraph</i> ) [The provisions of Annex 2 of the Terms and Conditions – <i>Additional Terms and Conditions for Equity Linked Notes</i> shall apply.]
(i)	Equity(ies)/Basket of Equities:	[     ]
(ii)	Calculation Agent responsible for making calculations in respect of the Notes:	[     ]
(iii)	Final Redemption Amount:	[     ] per Calculation Amount ( <i>N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.</i> )
(iv)	Averaging:	[The Averaging Dates are [     ].] [In the event that an Averaging Date is a Disrupted Day, [Omission/Postponement/Modified Postponement] will apply.] [Common Scheduled Trading Days will apply.] ( <i>N.B. May only be applicable in relation to Equity Linked Notes relating to a Basket</i> )
(v)	Equity Performance:	[     ]
(vi)	Exchange Rate:	[Applicable/Not Applicable] [ <i>insert details</i> ]
(vii)	Weighting:	The weighting to be applied to each item comprising the Basket to ascertain the Equity Performance is [     ]. ( <i>N.B. Only applicable in relation to Equity Linked Notes relating to a Basket</i> )
(viii)	Exchange(s):	[     ]

- (ix) Related Exchange: [ ]/[All Exchanges]
- (x) Valuation Date(s): [ ]  
[Common Scheduled Trading Days will apply.]  
(N.B. *May only be applicable in relation to Equity Linked Notes relating to a Basket*)
- (xi) Valuation Time: [ ]
- (xii) Observation Date(s): [ ]  
[Common Scheduled Trading Days will apply.]  
(N.B. *May only be applicable in relation to Equity Linked Notes relating to a Basket*)
- (xiii) Observation Period: [Applicable: [Extension/No Extension] /Not Applicable]  
(a) Observation Period Start Date: [[Including/Excluding][ ]/Not Applicable]  
(b) Observation Period End Date: [[Including/Excluding][ ]/Not Applicable]
- (xiv) Barrier Event: [Not Applicable/Barrier Event (intraday)/Barrier Event (closing)/Common Scheduled Trading Days]
- (xv) Barrier Level: [[ ]/Not Applicable]
- (xvi) Disrupted Day: If a Valuation Date, an Averaging Date or an Observation Date, as the case may be, is a Disrupted Day, the relevant level or price will be calculated [*insert calculation method*]  
(N.B. *Only applicable where provisions in Equity Linked Conditions are not appropriate*)
- (xvii) Trade Date: [ ]
- (xviii) Additional Disruption Events: The following Additional Disruption Events apply to the Notes:  
[Change in Law]  
[Hedging Disruption]  
[Increased Cost of Hedging]  
[Increased Cost of Stock Borrow]  
[Initial Stock Loan Rate: [ ]]  
[Insolvency Filing]  
[Loss of Stock Borrow]  
[Maximum Stock Loan Rate: [ ]]
- (xix) Other terms or special conditions: [ ]
29. **Commodity Linked Redemption Notes:** [Applicable/Not Applicable]  
(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)  
[The provisions of Annex 3 of the Terms and Conditions – *Additional Terms and Conditions for Equity Linked Notes* shall apply.]
- (i) Commodity/Basket of Commodities/  
Commodity Index/Basket of Commodity [ ]

	Indices:	
(ii)	Calculation Agent responsible for making calculations in respect of the Notes:	[ ]
(iii)	Final Redemption Amount:	[ ] per Calculation Amount <i>(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)</i>
(iv)	Commodity Reference Price:	[ ]
(v)	Price Source:	[ ]
(vi)	Exchange:	[ ]
(vii)	Delivery Date:	[ ]
(viii)	Pricing Date:	[ ]
(ix)	Common Pricing:	[Applicable] [Not Applicable] <i>(N.B. Only applicable in relation to Commodity Linked Notes relating to a Basket)</i>
(x)	Additional Commodity Market Disruption Events:	<i>[specify any additional Commodity Market Disruption Events]</i>
	Additional provisions for Commodity Trading Disruption:	[Not Applicable] <i>[If Trading Disruption applies, specify any additional futures contracts, options contracts or commodities and the related exchange to which Trading Disruption relates]</i>
	Disruption Fallback(s):	[As set out in the Commodity Linked Conditions]/[ ] [Fallback Reference Price: alternate Commodity Reference Price – [ ]] [Commodity Cut-Off Date: [ ]] [Commodity Index Cut-Off Date: [ ]]
(xi)	Commodity Business Day:	[ ]
(xii)	Trade Date:	[ ]
(xiii)	Weighting:	The weighting to be applied to each item comprising the Basket is [ ] <i>(N.B. Only applicable in relation to Commodity Linked Notes relating to a Basket)</i>
(xiv)	Specified Price:	[high price] [low price] [average of the high price and the low price] [closing price] [opening price] [bid price] [asked price]

- [average of the bid price and the asked price]  
[settlement price]  
[official settlement price]  
[official price]  
[morning fixing]  
[afternoon fixing]  
[spot price]  
[*other*]  
[ ]
- (xv) Other terms or special conditions: [ ]
30. **Fund Linked Redemption Notes:** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)  
[The provisions of Annex 5 of the Terms and Conditions – *Additional Terms and Conditions for Fund Linked Notes* shall apply.]
- (i) Fund/Basket of Funds: [ ]  
[[The [ ] Fund is an ETF]  
[Exchange for each Fund Share: [ ]]  
[Related Exchange for each Fund Share: [ ]/All Exchanges]]  
[Underlying Index: [ ]]  
(*N.B. Include for ETFs*)
- (ii) Fund Interest(s): [ ]
- (iii) Calculation Agent responsible for making calculation in respect of the Notes: [ ]
- (iv) Final Redemption Amount: [ ] per Calculation Amount  
(*N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.*)
- (v) Trade Date: [ ]
- (vi) Averaging Date(s): [ ]
- (vii) Valuation Date(s): [ ]
- (viii) Valuation Time: [ ]
- (ix) Additional Disruption Events: Change in Law: [Applicable/Not Applicable]  
Hedging Disruption: [Applicable/Not Applicable]  
Increased Cost of Hedging: [Applicable/Not Applicable]
- (x) Other terms or special conditions: [ ]
31. **Credit Linked Notes:** [Applicable/Not Applicable]  
(*If not applicable, delete the remaining*

- sub-paragraphs of this paragraph)*  
 [The provisions of Annex 4 of the Terms and Conditions – *Additional Terms and Conditions for Fund Linked Notes* shall apply.]
- (i) [ ] per Calculation Amount  
*(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (ii) Trade Date: [ ]
- (iii) Credit Observation Start Date: [ ]
- (iv) Scheduled Maturity Notice Date: [ ]
- (v) CLN Maturity Date: [ ]
- (vi) Succession Event Backstop Date: [Not] subject to adjustment for non-Business Days in accordance with the Business Day Convention.
- (vii) Accrual of Interest upon Credit Event: [Applicable/Not Applicable]
- (viii) Calculation Agent responsible for making calculations and determinations in respect of the Notes: [ ]
- (ix) Reference Entity(ies):  
 Transaction Type:
- (x) Reference Obligation(s): [ ]  
 [The obligation[s] identified as follows:  
 Primary Obligor: [ ]  
 Guarantor: [ ]  
 Maturity: [ ]  
 Coupon: [ ]  
 CUSIP/ISIN: [ ]
- (xi) Calculation Agent Determination: [Applicable/Not Applicable]
- (xii) Credit Event Backstop Date: [Not] [Subject to adjustment for Non-Business Days in accordance with Business Day Convention]
- (xiii) All Guarantees: [Applicable/Not Applicable]

- (xiv) Credit Events: [As set forth in the Physical Settlement Matrix for the Transaction Type]  
/[Bankruptcy]  
[Failure to Pay]  
Payment Requirement: [ ]  
[Grace Period Extension [Applicable/Not Applicable]  
[If Applicable:  
Grace Period: [ ]  
[Obligation Default]  
[Obligation Acceleration]  
[Repudiation/Moratorium]  
[Repudiation/Moratorium Extension Condition - delivery of Notice of Publicly Available Information] [Applicable/Not Applicable]]  
[Restructuring]  
Default Requirement: [ ]  
– Provisions relating to Credit Event Notice after Restructuring Credit Event: Credit Linked Condition 11 [Applicable/Not Applicable]  
– Provisions relating to Multiple Holder Obligation: Credit Linked Condition 12 [Applicable/Not Applicable]  
– [Restructuring Maturity Limitation and Fully Transferable Obligation [Applicable/Not Applicable]]  
– [Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation [Applicable/Not Applicable]]  
[*other*]
- (xv) Nth-to-Default Notes: [Applicable/Not Applicable]  
  
N: [ ]  
Substitution: [Applicable/Not Applicable]  
Credit Bid Percentage: [ ] (*N.B. if Substitution applicable*)
- (xvi) Conditions to Settlement: Notice of Publicly Available Information [Applicable/Not Applicable]  
[If Applicable:  
Public Source(s): [ ]  
Specified Number: [ ]  
[Officer’s Certificate Applicable/Not Applicable]  
Notice Delivery Period: [[ ]Business Days]  
Credit Cut-Off Date: [ ]
- (xvii) Obligation(s):  
  
Obligation Category [Payment]  
[*select one only*]: [Borrowed Money]  
[Reference Obligations Only]

		[Bond] [Loan] [Bond or Loan]
	Obligation Characteristics [select all of which apply]:	[As set out in the Physical Settlement Matrix for the Transaction Type]  [Not Subordinated] [Credit Linked Specified Currency: [specify currency] [Standard Specified Currencies] [Not Sovereign Lender] [Not Domestic Currency:] [Domestic Currency means: [specify currency]] [Not Domestic Law] [Domestic Law means: [specify law]] [Listed] [Not Domestic Issuance]
	Additional Obligation(s):	[ ]
(xviii)	Excluded Obligation(s)	[ ]
(xix)	Redemption following a Merger Event:	Credit Linked Condition 10 [Applicable/Not Applicable] (If Applicable) [Merger Event Redemption Amount: [ ]] [Merger Event Redemption Date: [ ]]
(xx)	Unwind Costs:	[Standard Unwind Costs/other/Not Applicable]
(xxi)	Provisions relating to Monoline Insurer as Reference Entity:	Credit Linked Condition 14 [Applicable/Not Applicable]
(xxii)	Provisions relating to LPN Reference Entities:	Credit Linked Condition 15 [Applicable/Not Applicable]
(xxiii)	Settlement Method:	[Cash Settlement/Physical Settlement/Auction Settlement]
(xxiv)	Fallback Settlement Method:  <i>Terms relating to Cash Settlement</i>	[Cash Settlement/Physical Settlement]  (NB include if Cash Settlement is the Settlement Method or Fallback Settlement Method)
(xxv)	Credit Event Redemption Amount:	[[ ] per Calculation Amount] [As set forth in the Credit Linked Conditions]
(xxvi)	Credit Event Redemption Date:	[ ] Business Days
(xxvii)	Valuation Date:	[Single Valuation Date: [ ] Business Days] [Multiple Valuation Dates: [ ]Business Days; and each [ ]



Business Days thereafter  
Number of Valuation Dates: [ ]

- (xxviii) Valuation Time: [ ]
- (xxix) Quotation Method: [Bid/Offer/Mid-market]
- (xxx) Quotation Amount: [[ ]/Representative Amount]
- (xxxix) Minimum Quotation Amount: [ ]
- (xxxii) Quotation Dealers: [ ]
- (xxxiii) Quotations: [Include Accrued Interest/Exclude Accrued Interest]
- (xxxiv) Valuation Method: [Market/Highest]  
[Average Market/Highest/Average Highest]  
[Blended Market/Blended Highest]  
[Average Blended Market/Average Blended Highest]
- (xxxv) Provisions relating to Deliverable Obligations Portfolio Valuation: Credit Linked Condition 16 [Applicable/Not Applicable]  
[If Applicable: Benchmark Obligation:  
[Reference Obligation]  
[Other]  
(NB Deliverable Obligation Category and Deliverable Obligation Characteristics should also be completed if Credit Linked Condition 16 applies)]

*Terms relating to Auction Settlement*

- (xxxvi) Auction Settlement Amount: [ ]
- (xxxvii) Auction Settlement Date: [Five Business Days/other]
- (xxxviii) Other terms or special conditions [ ]

*Terms relating to Physical Settlement*

- (xxxix) Physical Settlement Period: [ ] Business Days
- (xl) Accrued Interest on Entitlement: [Include Accrued Interest/Exclude Accrued Interest]
- (xli) Settlement Currency: [ ]
- (xlii) Deliverable Obligations: [ ]
- Deliverable Obligation Category [As set out in the Physical Settlement Matrix for the Transaction Type]/[Payment]  
[select one only]:  
[Borrowed Money]  
[Reference Obligations Only]  
[Bond]

		[Loan] [Bond or Loan]
Deliverable Obligation Characteristics		[As set out in the Physical Settlement Matrix for the Transaction Type]
	[select all of which apply]:	[Credit Linked Specified Currency: <i>[specify currency]</i> [Standard Specified Currencies] [Not Sovereign Lender] [Not Domestic Currency] [Domestic Currency means: <i>[specify currency]</i> ] [Not Domestic Law] [Domestic Law means: <i>[specify law]</i> ] [Listed] [Not Contingent] [Not Domestic Issuance] [Assignable Loan] [Consent Required Loan] [Direct Loan Participation] [Qualifying Participation Seller: Applicable/Not Applicable <i>[insert details]</i> ] [Transferable] [Maximum Maturity: [ ]] [Accelerated or Matured] [Not Bearer]
	Additional Deliverable Obligation(s):	[ ]
(xliii)	Excluded Deliverable Obligation(s):	[ ]
(xliv)	Indicative Quotations:	[Applicable/Not Applicable]
(xlv)	Cut-Off Date:	[ ]
(xlvi)	Guaranteed Cash Settlement Amount:	[ ]
(xlvii)	Delivery provisions for Entitlement if different from Physical Delivery Note Conditions:	[ ]
(xlviii)	Other terms or special conditions:	[ ]
32. <b>Physical Delivery Notes:</b>		[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i> <i>(N.B. Not applicable to Credit Linked Notes)</i> [Cash Settlement/Physical Delivery/Cash Settlement and/or Physical Delivery] <i>(If Cash Settlement and/or Physical Delivery specified, specify details for determining in what circumstances Cash Settlement or Physical Delivery will apply)</i> [The provisions of Annex 6 of the Terms and Conditions - <i>Additional Terms and Conditions for Physical Delivery Notes</i> shall

- apply.]
- (i) Relevant Asset(s): [ ]
  - (ii) Entitlement: [ ]
  - (iii) Cut-Off Date: [ ]
  - (iv) Guaranteed Cash Settlement Amount: [ ]
  - (v) Failure to Deliver due to Illiquidity: [Applicable/Not Applicable]
  - (vi) Delivery provisions for Entitlement if different from Physical Delivery Note Conditions: [ ]
  - (vii) Settlement Business Day: [ ]
  - (viii) Issuer's option to vary Settlement: [Applicable/Not Applicable]
  - (ix) Other terms or special Conditions: [ ]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

33. Form of Notes :

**Bearer Notes:**

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for [definitive Notes on [ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note] [and/or Registered Notes]]

[Temporary Global Note exchangeable for [definitive Notes on [ ] days' notice] [and/or Registered Notes]]

[Permanent Global Note exchangeable for [definitive Notes on [days' notice/at any time/in the limited circumstances specified in the Permanent Global Note] [Registered Notes]]

*[If item 6(i) provides for a Specified Denomination and higher integral multiples, the option to exchange into definitive notes at any time must be disapplied]*

**[Registered Notes]**

34. New Global Note:

[Yes/No]

35. Financial Centre(s) or other special provisions relating to Payment Dates: (Condition 6(h))

[Not Applicable/give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which

*items 15(ii), 16(v) and 18(ix) relate]*

36. Talons for future Coupons or Receipts to be attached to definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
37. Unmatured Coupons to become void on early redemption: [Yes/No]
38. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details. N.B. a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues*]
39. Details relating to Instalment Notes: Instalment Amount, Instalment Date [Not Applicable/*give details*]
40. Redenomination [Not Applicable/The provisions [in Condition •] [annexed to this Final Terms] apply]  
*[(If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))]*
41. Other terms or special conditions: [Not Applicable/*give details*]  
*(when adding other terms or conditions consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive)*

## **DISTRIBUTION**

42. (i) ( If syndicated, names of Managers: [Not Applicable/*give names*]  
*(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, include names of entities agreeing to underwrite the issue on a firm commitment basis and names of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
- (ii) ( Stabilising Manager(s) (if any): [Not Applicable/*give name*]
43. If non-syndicated, name of Dealer: [Not Applicable/*give name*]
44. Additional selling restrictions: [Not Applicable/*give details*]

45. U.S. Selling Restrictions:

[Reg. S Compliance Category 2; TEFRA C/TEFRA D/TEFRA not applicable]

### **PURPOSE OF THE FINAL TERMS**

These Final Terms comprise the final terms required for issue and admission to trading on the [London Stock Exchange's Regulated Market/*specify other relevant regulated market*] of the Notes described herein pursuant to the U.S.\$20,000,000,000 Euro Medium Term Note Programme of The Bank of Nova Scotia]

### **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. [[*Relevant third party information*] has been extracted from [*specify source*]]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from the information published by [*specify source*], no facts have been omitted which would render the reproduced inaccurate or misleading.

Signed on behalf of the Issuer:

By: \_\_\_\_\_

Duly authorised

## **PART B – OTHER INFORMATION**

### **1. LISTING**

- (i) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on *[specify relevant regulated market]* with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on *[specify relevant regulated market]* with effect from [ ].] [Not Applicable]

*(N.B. Notes admitted to trading on the London Stock Exchange's Regulated Market will also be admitted to the Official List as a matter of course.)*

*(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*

- (ii) Estimate of total expenses related to admission to trading: [ ]

### **2. RATINGS**

- Ratings: [The Notes to be issued have been]/[are expected to be] rated *[insert details]* by *[insert the legal name of the relevant credit rating agency entity(ies)]*.]  
*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*  
*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*
- [The Notes have not specifically been rated.]
- [[*Insert credit rating agency*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009.]
- [[*Insert credit rating agency*] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009.]
- [[*Insert credit rating agency*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009. The ratings [[have been]/[are expected to be]] endorsed by *[insert the name of the relevant EU-registered credit rating agency]* in accordance with Regulation (EC) No. 1060/2009. [*Insert the name of the relevant EU-registered credit rating agency*] is established in the European Union and registered under Regulation (EC) No. 1060/2009.]
- [[*Insert credit rating agency*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009, but it is certified in

accordance with such Regulation.]

3. **[INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]**

Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

[Save [as discussed in [“Plan of Distribution”]] [for any fees payable to the [Managers/Dealers]], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. - *Amend as appropriate if there are other interests*]

*[When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplementary prospectus under Article 16 of the Prospectus Directive.]*

4. **[Derivative Notes Only - REASONS FOR THE OFFER ESTIMATED NET PROCEEDS AND TOTAL EXPENSES]**

(i) Reasons for the offer: [ ] (See “Use of Proceeds” wording in Prospectus and if reasons for offer differ from those set out in the Prospectus, need to include those reasons here.)

(ii) Estimated net proceeds: [ ] (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds are insufficient to fund all proposed uses state sources of other funding.)

(iii) Estimated total expenses: [ ]  
(If Notes are derivative securities for which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds at (ii) and (iii) above where disclosure is included at (i) above.)

5. **[Fixed rate Notes only – YIELD]**

Indication of yield: [ ]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. **[Index-Linked or other variable-linked Interest Notes only – PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS]**

*Need to include details of where past and future performance and volatility of the index/formula can be obtained. Where underlying is an index, need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index, need to include equivalent information. Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.*

*When completing this paragraph consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need to supplement the Prospectus under Article 16 of the Prospectus Directive.*

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].

7. **[Dual Currency Notes only - PERFORMANCE OF RATE[S] OF EXCHANGE]**

Need to include details of where past and future performance and volatility of the rate[s] can be obtained.]

*[(When completing this paragraph consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need to supplement the Prospectus under Article 16 of the Prospectus Directive)]*

8. **OPERATIONAL INFORMATION**

- (i) ISIN Code: [ ]
- (ii) Common Code: [ ]
- (iii) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not applicable/give name(s) and numbers]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of initial Paying Agent(s) (if any): [None/specify]
- (vi) Names and addresses of additional Paying Agents (if any): [ ]
- (vii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes/No]  
[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSD’s as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.]
- [Include text if “yes” is selected in which case the Notes must be issued in NGN form]*



**ANNEX 1**  
**ADDITIONAL TERMS AND CONDITIONS FOR INDEX LINKED NOTES**

**1. Interpretation**

If specified as applicable in the applicable Final Terms, the terms and conditions applicable to Index Linked Notes shall comprise the terms and conditions of the Notes (the “Note Conditions”) and the Additional Terms and Conditions for Index Linked Notes set out below (the “Index Linked Conditions”), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the Note Conditions and the Index Linked Conditions, the Index Linked Conditions shall prevail. In the event of any inconsistency between (i) the Note Conditions and/or the Index Linked Conditions and (ii) the applicable Final Terms, the applicable Final Terms shall prevail.

**2. Definitions**

For the purposes of these Index Linked Conditions:

“**Averaging Cut-Off Date**” means the eighth Scheduled Trading Day (or, where the Index Linked Notes relate to a Basket of Indices and the applicable Final Terms provides that “Common Scheduled Trading Days” shall be applicable, the eighth Common Scheduled Trading Day) immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, or on account of such date not being a Scheduled Trading Day (or, where the Index Linked Notes relate to a Basket of Indices and the applicable Final Terms provides that “Common Scheduled Trading Days” shall be applicable, a Common Scheduled Trading Day), would have been the final Averaging Date, or, if earlier, the Scheduled Trading Day (or, where the Index Linked Notes relate to a Basket of Indices and the applicable Final Terms provides that “Common Scheduled Trading Days” shall be applicable, the Common Scheduled Trading Day) falling on or immediately preceding the second Business Day immediately preceding the date on which payment of any amount or delivery of any assets may have to be made pursuant to any calculation or determination made on the relevant Averaging Dates, provided that the Averaging Cut-Off Date shall not fall prior to the original date on which the final Averaging Date was scheduled to fall.

“**Averaging Date**” means each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day, or, if earlier, the Averaging Cut-Off Date (or, where the Index Linked Notes relate to a Basket of Indices and the applicable Final Terms provides that “Common Scheduled Trading Days” shall be applicable, each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Common Scheduled Trading Day, the immediately following Common Scheduled Trading Day). If any such day is a Disrupted Day:

- (a) if “**Omission**” is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant level or price provided that, if through the operation of this provision there would not be an Averaging Date, then the provisions of the definition of “Valuation Date” will apply for purposes of determining the relevant level or price on the final Averaging Date, as if such final Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if “**Postponement**” is specified as applying in the applicable Final Terms, then the provisions of the definition of “Valuation Date” will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or

- (c) if “**Modified Postponement**” is specified as applying in the applicable Final Terms then:
- (i) where the Index Linked Notes relate to a single Index, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred as of the Valuation Time on the Averaging Cut-Off Date or if such Averaging Date falls on the Averaging Cut-Off Date owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for the Index, then (A) the Averaging Cut-Off Date shall be deemed to be the Averaging Date (irrespective of whether the Averaging Cut-Off Date is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of “Valuation Date” below;
  - (ii) where the Index Linked Notes relate to a Basket of Indices, the Averaging Date for each Index not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (following adjustment of such date owing to the original date not being a Scheduled Trading Day, if applicable) (the “Scheduled Averaging Date”) and the Averaging Date for an Index affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Index. If the first succeeding Valid Date in relation to such Index has not occurred as of the Valuation Time on the Averaging Cut-Off Date or if such Averaging Date falls on the Averaging Cut-Off Date owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for the Index, then (A) the Averaging Cut-Off Date shall be deemed to be the Averaging Date (irrespective of whether the Averaging Cut-Off Date is already an Averaging Date) in relation to such Index, and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of “Valuation Date” below; or
  - (iii) where the Index Linked Notes relate to a Basket of Indices and the applicable Final Terms provides that “Common Scheduled Trading Days” shall be applicable, the Averaging Date for each Index shall be the first succeeding Common Valid Date (as defined below) in relation to such Index. If the first succeeding Common Valid Date has not occurred as of the Valuation Time on the Averaging Cut-Off Date or if such Averaging Date falls on the Averaging Cut-Off Date owing to the original date on which it was scheduled to fall not being a Common Scheduled Trading Day, then (A) the Averaging Cut-Off Date shall be deemed to be the Averaging Date (irrespective of whether the Averaging Cut-Off Date is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (c)(ii) of the definition of “Valuation Date” below, for the purposes of these Index Linked Conditions “Valid Date” means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is deemed not to occur, and “Common Valid Date” means a Common Scheduled Trading Day that is not a Disrupted Day for any Index, and on which another Averaging Date does not or is deemed not to occur.

“**Barrier Event Determination Day**” means, in respect of each Index and each Observation Period:

- (a) if the applicable Final Terms provide that the Barrier Event (intraday) provisions shall apply, each day on which the level of such Index is published and/or disseminated by the Index Sponsor during such Observation Period, regardless of whether or not such day is a Scheduled Trading Day for such Index (and if the Calculation Agent in its sole and absolute discretion determines that a Market Disruption Event is occurring at any time on any Barrier Event Determination Day, it shall disregard the period during which it

determines in its sole and absolute discretion that such Market Disruption Event has occurred and is continuing for the purposes of determining whether or not a Barrier Event (intraday) has occurred);

- (b) if the applicable Final Terms provide that the Barrier Event (closing) provisions shall apply, each Scheduled Trading Day for such Index during such Observation Period that is not a Disrupted Day for such Index; or
- (c) where the Index Linked Notes relate to a Basket of Indices and the applicable Final Terms provides that “Common Scheduled Trading Days” shall be applicable, each Common Scheduled Trading Day that is not a Disrupted Day for any Index in the Basket of Indices.

**“Barrier Event Valuation Time (closing)”** means:

- (a) in relation to an Index which is specified in the applicable Final Terms as being a Unitary Index, the Scheduled Closing Time on the relevant Exchange on the relevant Barrier Event Determination Day, as the case may be, in relation to each Index to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Barrier Event Valuation Time (closing) is after the actual closing time for its regular trading session, then the Barrier Event Valuation Time (closing) shall be such actual closing time; and
- (b) in relation to an Index which is specified in the applicable Final Terms as being a Multi-Exchange Index, (i) for the purposes of determining whether a Market Disruption Event has occurred: (x) in respect of any Component Security, the Scheduled Closing Time on the relevant Exchange and (y) in respect of any options contracts or futures contracts on the Index, the close of trading on the relevant Related Exchange, and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor; and
- (c) in relation to an Index which is specified in the applicable Final Terms as being a Proprietary Index, the time at which the Index Sponsor calculates and publishes the official closing level of the Index.

**“Barrier Event Valuation Time (intraday)”** means any time during the regular trading session (without regard to any after hours or any other trading outside of the regular session) on the Exchange.

**“Barrier Level”** means, in respect of an Index, such level for such Index as is specified in the applicable Final Terms.

**“Basket of Indices”** means, subject to adjustment in accordance with these Index Linked Conditions, a basket composed of indices in their relative proportions or number of indices, as specified in the applicable Final Terms.

**“Common Scheduled Trading Day”** means, in respect of a Basket of Indices, each day which is a Scheduled Trading Day for all the Indices in the Basket of Indices.

**“Component Security”** means, in respect of an Index, any share or other component security included in such Index as determined by the Calculation Agent and related expressions shall be construed accordingly.

**“Disrupted Day”** means:

- (a) in relation to an Index which is specified in the applicable Final Terms as being a Unitary Index, 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 has occurred;

- (b) in relation to an Index which is specified in the applicable Final Terms as being a Multi-Exchange Index, any Scheduled Trading Day on which (i) the Index Sponsor fails to publish the level of the Index (provided that the Calculation Agent may, in its discretion, determine that such event instead results in the occurrence of an Index Disruption), (ii) the Related Exchange fails to open for trading during its regular trading session or (iii) a Market Disruption Event has occurred; and
- (c) in relation to an Index which is specified in the applicable Final Terms as being a Proprietary Index, any Scheduled Trading Day on which a Market Disruption Event has occurred (provided that the Calculation Agent may, in its discretion, determine that such event instead results in the occurrence of an Index Disruption).

**“Early Closure”** means:

- (a) in relation to an Index which is specified in the applicable Final Terms as being a Unitary Index, the closure on any Exchange Business Day of any relevant Exchange(s) relating to securities that comprise 20 per cent. 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; or
- (b) in relation to an Index which is specified in the applicable Final Terms as being a Multi-Exchange Index, 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, or (ii) the submission deadline for orders to be entered into on the relevant Exchange or Related Exchange system for execution at the relevant Valuation Time on such Exchange Business Day.

**“Exchange”** means:

- (a) in relation to an Index which is specified in the applicable Final Terms as being a Unitary Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the securities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the securities comprising such Index on such temporary substitute exchange or quotation system as on the original Exchange); and
- (b) in relation to an Index which is specified in the applicable Final Terms as being a Multi-Exchange Index, in respect of each Component Security, the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent.

**“Exchange Business Day”** means:

- (a) where the relevant Index is specified in the applicable Final Terms to be a Unitary Index, 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 or

- (b) where the relevant Index is specified in the applicable Final Terms to be a Multi-Exchange Index, 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”** means:

- (a) in relation to an Index which is specified in the applicable Final Terms as being a Unitary Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, on any relevant Exchange(s) in securities that comprise 20 per cent. or more of the level of the relevant Index, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange; or
- (b) in relation to an Index which is specified in the applicable Final Terms as being a Multi-Exchange Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the 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 relevant Related Exchange.

**“Index”** and **“Indices”** mean, subject to adjustment in accordance with the Index Linked Conditions, the indices or index specified in the applicable Final Terms and related expressions shall be construed accordingly.

**“Index Closing Level”** means, in respect of an Index and any relevant date, subject to these Index Linked Conditions, an amount equal to the official closing level (which shall be deemed to be an amount in the Index Currency) of such Index as determined by the Calculation Agent on such date.

**“Index Level”** means, in respect of an Index and a time on any day, and subject to these Index Linked Conditions, the level of such Index at such time on such day as determined by the Calculation Agent.

**“Index Performance”** means the Index Performance specified in the applicable Final Terms.

**“Index Sponsor”** means, in relation to an Index, the corporation or other entity that (i) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (ii) announces (directly or through an agent) the level of such Index on a regular basis during each Scheduled Trading Day, which as of the Issue Date is the index sponsor specified for such Index in the applicable Final Terms.

**“Multi-Exchange Index”** means any Index which is specified as such in the applicable Final Terms, or, if not specified, any Index the Calculation Agent determines as such.

**“Observation Cut-Off Date”** means the eighth Scheduled Trading Day (or, where the Index Linked Notes relate to a Basket of Indices and the applicable Final Terms provides that “Common Scheduled Trading Days” shall be applicable, the eighth Common Scheduled Trading Day) immediately following the Scheduled Observation Date or, if earlier, the Scheduled Trading Day (or, where the Index Linked Notes relate to a Basket of Indices and the applicable Final Terms provides that “Common Scheduled Trading Days” shall be applicable, a Common Scheduled Trading Day) falling on or immediately preceding the second Business Day immediately

preceding the date on which payment of any amount or delivery of any assets may have to be made pursuant to any calculation or determination made on such Observation Date, provided that the Observation Cut-Off Date shall not fall prior to the original date on which such Observation Date was scheduled to fall.

**“Observation Date”** means each Observation Date specified in the applicable Final Terms, or if such date is not a Scheduled Trading Day the first Scheduled Trading Day thereafter, or, if earlier, the Observation Cut-Off Date (or, where the Index Linked Notes relate to a Basket of Indices and the applicable Final Terms provides that “Common Scheduled Trading Days” shall be applicable, each date specified as an Observation Date in the applicable Final Terms or, if any such date is not a Common Scheduled Trading Day, the immediately following Common Scheduled Trading Day). If any such day is a Disrupted Day, then:

- (a) where the Index Linked Notes relate to a single Index, that Observation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day. In that case, or if such Observation Date falls on the Observation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for the Index, (i) the Observation Cut-Off Date shall be deemed to be that Observation Date (notwithstanding the fact that such day may be a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant level or price by determining the level of the Index as of the Valuation Time on the Observation Cut-Off Date in accordance with (subject to Index Linked Condition 5 below) 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 the Observation Cut-Off Date of each security comprised in the Index (or, if an event giving rise to a Disrupted Day (as defined in the Equity Linked Conditions in relation to a share) has occurred in respect of the relevant security on the Observation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Valuation Time on the Observation Cut-Off Date);
- (b) where the Index Linked Notes relate to a Basket of Indices, that Observation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Observation Date (or, if earlier, the Observation Cut-Off Date) and that Observation Date for each Index affected (each an “Affected Index”) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index, unless each of the Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day relating to the Affected Index. In that case, or if such Observation Date falls on the Observation Cut-Off Date for an Index owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for such Index, (i) the Observation Cut-Off Date shall be deemed to be that Observation Date for such Index (notwithstanding the fact that such day may be a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price using, in relation to such Index, the level of that Index determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on the Observation Cut-Off Date in accordance with (subject to Index Linked Condition 5) the formula for and method of calculating that 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 the Observation Cut-Off Date of each security comprised in that Index (or, if an event giving rise to a Disrupted Day (as defined in the Equity Linked Conditions in relation to a share) has occurred in respect of the relevant security on the Observation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Valuation Time on the Observation Cut-Off Date); or

- (c) where the Index Linked Notes relate to a Basket of Indices and the applicable Final Terms provides that “Common Scheduled Trading Days” shall be applicable, that Observation Date shall be the first succeeding Common Scheduled Trading Day that is not a Disrupted Day for any Index, unless each of the Common Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day for one or more Indices. In that case, or if such Observation Date falls on the Observation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Common Scheduled Trading Day, (i) the Observation Cut-Off Date shall be deemed to be that Observation Date (notwithstanding the fact that such day may be a Disrupted Day for an Index or not a Common Scheduled Trading Day) and (ii) the Calculation Agent shall determine the relevant level or price using, in relation to each Index for which the Observation Cut-Off Date is a Disrupted Day or is not a Common Scheduled Trading Day, the level of that Index determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on the Observation Cut-Off Date in accordance with (subject to Index Linked Condition 5) the formula for and method of calculating that 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 the Observation Cut-Off Date of each security comprised in each Index for which the Observation Cut-Off Date is a Disrupted Day or is not a Common Scheduled Trading Day (or, if an event giving rise to a Disrupted Day (as defined in the Equity Linked Conditions in relation to a share) has occurred in respect of the relevant security on the Observation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Valuation Time on the Observation Cut-Off Date).

“**Observation Period**” means, in respect of an Index:

- (a) if the consequence of “Extension” is specified in the applicable Final Terms to be applicable, each period commencing on the Observation Period Start Date, following adjustment of such date pursuant to these Index Linked Conditions, if applicable (and including or excluding such Observation Period Start Date, as specified in the applicable Final Terms) and ending on the immediately following Observation Period End Date, following adjustment of such date pursuant to these Index Linked Conditions, if applicable (and including or excluding such Observation Period End Date, as specified in the applicable Final Terms); or
- (b) if the consequence of “No Extension” is specified in the applicable Final Terms to be applicable, each period commencing on the Observation Period Start Date, prior to any adjustment of such date pursuant to these Index Linked Conditions, if applicable (and including or excluding such Observation Period Start Date, as specified in the applicable Final Terms) and ending on the immediately following Observation Period End Date, prior to any adjustment of such date pursuant to these Index Linked Conditions, if applicable (and including or excluding such Observation Period End Date, as specified in the applicable Final Terms).

“**Observation Period End Date**” means, in respect of an Index, each date specified as such in the applicable Final Terms.

“**Observation Period Start Date**” means, in respect of an Index, each date specified as such in the applicable Final Terms.

“**Proprietary Index**” means any Index which is specified as such in the applicable Final Terms, or, if not specified, any Index the Calculation Agent determines as such.

“**Related Exchange**” means, in relation to any Unitary Index or Multi-Exchange Index, each exchange or quotation system specified as such for such Index in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to

which trading in futures or options contracts relating to such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), provided, however, that where “All Exchanges” is specified as the Related Exchange in the applicable Final Terms, “Related Exchange” shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to the Index.

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

“**Scheduled Trading Day**” means in respect of:

- (a) any Unitary Index, any day on which each Exchange and each Related Exchange for the Index are scheduled to be open for trading for their respective regular trading sessions;
- (b) any Multi-Exchange Index, any day on which (i) the Index Sponsor is scheduled to publish the level of the Index, and (ii) the Related Exchange for the Index is scheduled to be open for trading for its regular trading session; and
- (c) any Proprietary Index, any day on, or, as the case may be, in respect of, which the Index Sponsor is scheduled to publish the level of such Index.

“**Scheduled Observation Date**” means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been an Observation Date.

“**Scheduled Valuation Date**” means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

“**Trade Date**” means the date specified as a Trade Date in the applicable Final Terms.

“**Trading Disruption**” means:

- (a) in respect of any Unitary Index, any suspension of, or limitation imposed on, trading by any 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 Index on any relevant Exchange, or (ii) in futures or options contracts relating to the Index on any relevant Related Exchange; and
- (b) in respect of any Multi-Exchange Index, any suspension or limitation imposed on trading by any 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.

“**Unitary Index**” means any Index which is specified as such in the applicable Final Terms, or, if not specified, any Index the Calculation Agent determines as such.

“**Valuation Cut-Off Date**” means the eighth Scheduled Trading Day (or, where the Index Linked Notes relate to a Basket of Indices and the applicable Final Terms provides that “Common Scheduled Trading Days” shall be applicable, the eighth Common Scheduled Trading Day) immediately following the Scheduled Valuation Date or if earlier the Scheduled Trading Day (or,



where the Index Linked Notes relate to a Basket of Indices and the applicable Final Terms provides that “Common Scheduled Trading Days” shall be applicable, the Common Scheduled Trading Day) falling on or immediately preceding the second Business Day immediately preceding the date on which payment of any amount or delivery of any assets may have to be made pursuant to any calculation or determination made on such Valuation Date, provided that the Valuation Cut- Off Date shall not fall prior to the original date on which such Valuation Date was scheduled to fall.

“**Valuation Date**” means each Valuation Date specified in the applicable Final Terms or if such date is not a Scheduled Trading Day the first Scheduled Trading Day thereafter, or, if earlier, the Valuation Cut-Off Date (or, where the Index Linked Notes relate to a Basket of Indices and the applicable Final Terms provides that “Common Scheduled Trading Days” shall be applicable, each date specified as a Valuation Date or the Actual Exercise Date in the applicable Final Terms or, if any such date is not a Common Scheduled Trading Day, the immediately following Common Scheduled Trading Day). If such day is a Disrupted Day, then:

- (a) where the Index Linked Notes relate to a single Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days immediately following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is a Disrupted Day. In that case, or if such Valuation Date falls on the Valuation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for the Index, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date (notwithstanding the fact that such day may be a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant level or price by determining the level of the Index as of the Valuation Time on the Valuation Cut-Off Date in accordance with (subject to Index Linked Condition 5 below) 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 the Valuation Cut-Off Date of each security comprised in the Index (or, if an event giving rise to a Disrupted Day (as defined in the Equity Linked Conditions in relation to a share) has occurred in respect of the relevant security on the Valuation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Valuation Time on the Valuation Cut-Off Date);
- (b) where the Index Linked Notes relate to a Basket of Indices, the Valuation Date for each Index not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date (or, if earlier, the Valuation Cut-off Date) and the Valuation Date for each Index affected (each an “Affected Index”) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Index, unless each of the Scheduled Trading Days immediately following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is a Disrupted Day relating to the Affected Index. In that case, or if such Valuation Date falls on the Valuation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for the Index, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date for such Index (notwithstanding the fact that such day may be a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant level or price using, in relation to such Index, the level of that Index determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on the Valuation Cut-Off Date in accordance with (subject to Index Linked Condition 5) the formula for and method of calculating that 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 the Valuation Cut-Off Date of each security comprised in that Index (or, if an event giving rise to a Disrupted Day (as defined in the Equity Linked Conditions in relation to a share) has occurred in respect of the relevant security on the Valuation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Valuation Time on the Valuation Cut- Off Date); or

- (c) where the Index Linked Notes relate to a Basket of Indices and the applicable Final Terms provides that “Common Scheduled Trading Days” shall be applicable, the Valuation Date shall be the first succeeding Common Scheduled Trading Day that is not a Disrupted Day for any Index, unless each of the Common Scheduled Trading Days immediately following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is a Disrupted Day for one or more Indices. In that case, or if the Valuation Date falls on the Valuation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Common Scheduled Trading Day, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date (notwithstanding the fact that such day may be a Disrupted Day for an Index or not a Common Scheduled Trading Day) and (ii) the Calculation Agent shall determine the relevant level or price using, in relation to each Index for which the Valuation Cut-Off Date is a Disrupted Day or is not a Common Scheduled Trading Day, the level of that Index determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using the level of that Index as of the Valuation Time on the Valuation Cut-Off Date in accordance with (subject to Index Linked Condition 5) the formula for and method of calculating that 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 the Valuation Cut-Off Date of each security comprised in each Index for which the Valuation Cut-Off Date is a Disrupted Day or is not a Common Scheduled Trading Day (or, if an event giving rise to a Disrupted Day (as defined in the Equity Linked Conditions in relation to a share) has occurred in respect of the relevant security on the Valuation Cut-Off Date, its good faith estimate of the value for the relevant security as of the Valuation Time on the Valuation Cut-Off Date).

“**Valuation Time**” means:

- (a) in respect of any Unitary Index, (i) for the purposes of determining whether an Early Closure, an Exchange Disruption or a Trading Disruption has occurred in respect of (I) any Exchange, the Scheduled Closing Time of the Exchange (provided that, if the relevant Exchange closes prior to its Scheduled Closing Time, then the Valuation Time shall be such actual closing time), and (II) any options contracts or futures contracts on such Index, the close of trading on the Related Exchange, and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor;
- (b) in respect of any Multi-Exchange Index, (i) for the purposes of determining whether an Early Closure, an Exchange Disruption or a Trading Disruption has occurred in respect of (I) any Component Security, the Scheduled Closing Time on the Exchange in respect of such Component Security (provided that, if the relevant Exchange closes prior to its Scheduled Closing Time, then the Valuation Time shall be such actual closing time), and (II) any options contracts or futures contracts on the Index, the close of trading on the Related Exchange, and (ii) in all other circumstances, the time at which the official closing level of the Index is calculated and published by the Index Sponsor; and
- (c) in respect of any Proprietary Index, the time at which the Index Sponsor calculates and publishes the official closing level of the Index.

### 3. **Market Disruption**

“**Market Disruption Event**” means:

- (a) in respect of any Unitary Index, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the 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 a Unitary 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 such 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 such Component Security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event;

- (b) in respect of any Multi-Exchange Index either: (i) (A) the occurrence or existence, in respect of any Component Security, of: I. a Trading Disruption, which the 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; II. an Exchange Disruption, which the 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 III. 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 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 in respect of a Multi-Exchange Index exists at any time, if a Market Disruption Event (as defined in the Equity Linked Conditions in relation to a share) occurs in respect of a Component Security at that time, then the relevant percentage contribution of such 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 and (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” (as defined in the Equity Linked Conditions in relation to a share);
- (c) in respect of any Proprietary Index, the failure by the Index Sponsor to calculate and publish the level of the Index on any Scheduled Trading Day or in respect of such Scheduled Trading Day within the scheduled timeframe for publication.

#### 4. **Barrier Event**

- (a) A “**Barrier Event (intraday)**” means (and a Barrier Event (intraday) shall be deemed to occur if), in respect of an Index, the Calculation Agent determines that the Index Level of such Index as of the Barrier Event Valuation Time (intraday) on any Barrier Event Determination Day is less than or equal to the corresponding Barrier Level for such Index and such Barrier Event Determination Day. For the purpose of determining whether a Barrier Event (intraday) has occurred on any day, the definition of Market Disruption Event specified in Index Linked Condition 3 shall be amended such that (i) all references to “during the one hour period that ends at the relevant Valuation Time” shall be deleted, and (ii) in the definition of “Early Closure” appearing in Index Linked Condition 2, each reference to “Valuation Time” and “Scheduled Closing Time” shall be construed as a reference to “Barrier Event Valuation Time (intraday)”.
- (b) A “**Barrier Event (closing)**” means (and a Barrier Event (closing) shall be deemed to occur if), in respect of an Index, the Calculation Agent determines that the Index Closing Level of such Index as of the Barrier Event Valuation Time (closing) on any Barrier Event Determination Day is less than or equal to the corresponding Barrier Level for such Index and such Barrier Event Determination Day.

#### 5. **Adjustments and Corrections to an Index**

- (a) ***Successor Index Sponsor Calculates and Reports an Index***

If a relevant Index is (i) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor (the “Successor Index Sponsor”) acceptable to the Calculation

Agent, or (ii) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then in each case that index (the “Successor Index”) will be deemed to be the Index.

(b) ***Modification and Cessation of Calculation of an Index***

If (i) on or prior to a Valuation Date, an Observation Date or an Averaging Date (or other relevant date, as determined by the Calculation Agent), the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant 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 capitalization or contracts and other routine events) (an “Index Modification”), or permanently cancels a relevant Index and no Successor Index exists (an “Index Cancellation”), or (ii) on a Valuation Date, an Observation Date or an Averaging Date (or other relevant date, as determined by the Calculation Agent), the Index Sponsor or, if applicable, the Successor Index Sponsor fails to calculate and announce a relevant Index, provided that, in respect of an Index which is specified in the applicable Final Terms as being a Multi-Exchange Index or a Proprietary Index, the Calculation Agent may, in its discretion, determine that such event instead results in the occurrence of a Disrupted Day (an “Index Disruption” and, together with an Index Modification and an Index Calculation, each an “Index Adjustment Event”), then the Issuer may take the action described in (A) or (B) below:

- (A) require the Calculation Agent to determine if such Index Adjustment Event has a material effect on the Index Linked Notes and, if so, calculate the relevant level or price using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on that Valuation Date, Observation Date or Averaging Date, as the case may be, as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those securities that comprised that Index immediately prior to that Index Adjustment Event; or
- (B) on giving notice to the Noteholders in accordance with Note Condition 13, redeem all (but not some only) of the Notes, each Note being redeemed at the Early Redemption Amount.

Upon the occurrence of an Index Adjustment Event, the Issuer shall give notice as soon as reasonably practicable to the Holders in accordance with Note Condition 13, giving details of the action proposed to be taken in relation thereto, provided that any failure to give, or non-receipt of, such notice will not affect the validity of such action. The Issuer shall make available for inspection by Holders copies of any such determinations.

(c) ***Corrections to an Index***

If the level of a relevant Index published on any Valuation Date, Observation Date or Averaging Date (or other relevant date, as determined by the Calculation Agent), as the case may be, by the relevant Index Sponsor or (if applicable) the relevant Successor Index Sponsor and which is utilized for any calculation or determination made for the purposes of the Index Linked Notes (a “Relevant Calculation”) is subsequently corrected and the correction (the “Corrected Index Level”) is published by the relevant Index Sponsor or (if applicable) the relevant Successor Index Sponsor no later than two Business Days prior to the date on which payment of any amount or delivery of any assets may have to be made pursuant to such Relevant Calculation, then such Corrected Index Level shall be deemed to be the relevant level for such Index on such Averaging Date, Observation Date, Valuation Date (or other relevant date, as determined by the Calculation Agent), as the case may be, and the Calculation Agent shall use such Corrected Index Level in determining the relevant level or price and/or whether the Barrier Event (closing) or Barrier Event (intraday), as the case may be, has been triggered.

## 6. Additional Disruption Events

- (a) “**Additional Disruption Event**” means any of Change in Law, Hedging Disruption and/or Increased Cost of Hedging, in each case if specified in the applicable Final Terms.

“**Change in Law**” means that, on or after the Trade Date (as specified in the applicable Final Terms) (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law) or an Announced Prospective Change, or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in its sole and absolute discretion that (A) it has become illegal to hold, acquire or dispose of any relevant security comprised in an Index or (B) the Issuer will incur (or, in the case of an Announced Prospective Change and assuming that such Announced Prospective Change becomes effective as of the date specified in such announcement and in the form announced, would incur) a materially increased cost in performing its obligations in relation to the Index Linked Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its affiliates).

“**Hedging Disruption**” means that the Issuer and/or any of its Affiliates or agents is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Index Linked Notes, or (ii) realize, recover or remit the proceeds of any such transaction(s) or asset(s).

“**Increased Cost of Hedging**” means that the Issuer and/or any of its Affiliates or agents acting on its behalf would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) or cost of capital or capital to be set aside to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Index Linked Notes, or (ii) realize, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates or agents shall not be deemed an Increased Cost of Hedging.

- (b) If Additional Disruption Events are specified as applicable in the applicable Final Terms, then if an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (i) or (ii) below:
- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of the terms of these Terms and Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
  - (ii) give notice to Holders in accordance with Note Condition 13 and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount.
- (c) Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Holders stating the occurrence of the Additional Disruption Event, giving details thereof and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event.

**ANNEX 2**  
**ADDITIONAL TERMS AND CONDITIONS FOR EQUITY LINKED NOTES**

**1. Interpretation**

If specified as applicable in the applicable Final Terms, the terms and conditions applicable to Equity Linked Notes shall comprise the terms and conditions of the Notes (the “Note Conditions”) and the Additional Terms and Conditions for Equity Linked Notes set out below (the “Equity Linked Conditions”), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the Note Conditions and the Equity Linked Conditions, the Equity Linked Conditions shall prevail. In the event of any inconsistency between the Note Conditions and the Equity Linked Conditions and (ii) the applicable Final Terms, the applicable Final Terms shall prevail.

**2. Definitions**

For the purposes of these Equity Linked Conditions:

“**Averaging Cut-Off Date**” means the eighth Scheduled Trading Day (or, where the Equity Linked Notes relate to a Basket of Equities and the applicable Final Terms provides that “Common Scheduled Trading Days” shall be applicable, the eighth Common Scheduled Trading Day) immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, or on account of such date not being a Scheduled Trading Day (or, where the Equity Linked Notes relate to a Basket of Equities and the applicable Final Terms provides that “Common Scheduled Trading Days” shall be applicable, a Common Scheduled Trading Day), would have been the final Averaging Date, or, if earlier, the Scheduled Trading Day (or, where the Equity Linked Notes relate to a Basket of Equities and the applicable Final Terms provides that “Common Scheduled Trading Days” shall be applicable, the Common Scheduled Trading Day) falling on or immediately preceding the second Business Day immediately preceding the date on which payment of any amount or delivery of any assets may have to be made pursuant to any calculation or determination made on the relevant Averaging Dates, provided that the Averaging Cut-Off Date shall not fall prior to the original date on which the final Averaging Date was scheduled to fall.

“**Averaging Date**” means each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day, or, if earlier, the Averaging Cut-Off Date (or, where the Equity Linked Notes relate to a Basket of Equities and the applicable Final Terms provides that “Common Scheduled Trading Days” shall be applicable, each date specified as an Averaging Date in the applicable Final Terms or, if any such date is not a Common Scheduled Trading Day, the immediately following Common Scheduled Trading Day). If any such day is a Disrupted Day:

- (a) if “Omission” is specified as applying in the applicable Final Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant price; provided that, if through the operation of this provision there would not be an Averaging Date, then the provisions of the definition of “Valuation Date” will apply for purposes of determining the relevant level or price on the final Averaging Date, as if such final Averaging Date were a Valuation Date that was a Disrupted Day; or
- (b) if “Postponement” is specified as applying in the applicable Final Terms, then the provisions of the definition of “Valuation Date” will apply for the purposes of determining the relevant price on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or

- (c) if “Modified Postponement” is specified as applying in the applicable Final Terms then:
- (i) where the Equity Linked Notes relate to a single Equity, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred as of the Valuation Time on the Averaging Cut-Off Date or if such Averaging Date falls on the Averaging Cut-Off Date owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for the Equity, then (A) the Averaging Cut-Off Date shall be deemed to be the Averaging Date (irrespective of whether the Averaging Cut-Off Date is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of “Valuation Date” below;
  - (ii) where the Equity Linked Notes relate to a Basket of Equities, the Averaging Date for each Equity not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (following adjustment of such date owing to the original date not being a Scheduled Trading Day, if applicable) (the “Scheduled Averaging Date”) and the Averaging Date for a Equity affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Equity. If the first succeeding Valid Date in relation to such Equity has not occurred as of the Valuation Time on the Averaging Cut-Off Date or if such Averaging Date falls on the Averaging Cut-Off Date owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for such Equity, then (A) the Averaging Cut-Off Date shall be deemed to be the Averaging Date (irrespective of whether the Averaging Cut-Off Date is already an Averaging Date) in relation to such Equity, and (B) the Calculation Agent shall determine the relevant price for that Averaging Date in accordance with subparagraph (b)(ii) of the definition of “Valuation Date” below; or
  - (iii) where the Equity Linked Notes relate to a Basket of Equities and the applicable Final Terms provides that “Common Scheduled Trading Days” shall be applicable, the Averaging Date for each Equity shall be the first succeeding Common Valid Date (as defined below) in relation to such Equity. If the first succeeding Common Valid Date has not occurred as of the Valuation Time on the Averaging Cut-Off Date or if such Averaging Date falls on the Averaging Cut-Off Date owing to the original date on which it was scheduled to fall not being a Common Scheduled Trading Day, then (A) the Averaging Cut-Off Date shall be deemed to be the Averaging Date (irrespective of whether the Averaging Cut-Off Date is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (c)(ii) of the definition of “Valuation Date” below, for the purposes of these Equity Linked Conditions “Valid Date” means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is deemed not to occur, and “Common Valid Date” means a Common Scheduled Trading Day that is not a Disrupted Day for any Equity and on which another Averaging Date does not or is deemed not to occur.

“**Barrier Event Determination Day**” means, in respect of each Equity and each Observation Period:

- (a) if the applicable Final Terms provide that the Barrier Event (intraday) provisions shall apply, each day on which the price of such Equity is quoted on the relevant Exchange during such Observation Period, regardless of whether or not such day is a Scheduled Trading Day for such Equity (and, for the avoidance of doubt, if the Calculation Agent in its sole and absolute discretion determines that a Market Disruption Event is occurring at any time on any Barrier Event Determination Day, it shall disregard the period during

which it determines in its sole and absolute discretion that such Market Disruption Event has occurred and is continuing for the purposes of determining whether or not a Barrier Event (intraday) has occurred); or

- (b) if the applicable Final Terms provide that the Barrier Event (closing) provisions shall apply, each Scheduled Trading Day for such Equity during such Observation Period that is not a Disrupted Day for such Equity.

**“Barrier Event Valuation Time (closing)”** means, in respect of each Equity to be valued, the Scheduled Closing Time on the relevant Exchange on the relevant Barrier Event Determination Day. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Barrier Event Valuation Time (closing) is after the actual closing time for its regular trading session, then the Barrier Event Valuation Time (closing) shall be such actual closing time.

**“Barrier Event Valuation Time (intraday)”** means any time during the regular trading session (without regard to any after hours or any other trading outside of the regular session) on the Exchange.

**“Barrier Level”** means, in respect of a Equity, such price for such Equity as is specified in the applicable Final Terms.

**“Basket of Equities”** means a basket composed of Equities in their relative proportions or number of Equities, as specified in the applicable Final Terms.

**“Cash Settled Notes”** means Notes that entitle the holder, upon due exercise and subject to certification of non-U.S. beneficial ownership, to receive from the Issuer, on the Settlement Date, the Cash Settlement Amount.

**“Common Scheduled Trading Day”** means, in respect of a Basket of Equities, each day which is a Scheduled Trading Day for all the Equities in the Basket of Equity.

**“Disrupted Day”** means 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 has occurred.

**“Early Closure”** means the closure on any Exchange Business Day of the relevant Exchange 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.

**“Equities”** and **“Equity”** mean, subject to adjustment in accordance with these Equity Linked Conditions, the equities or a equity specified in the applicable Final Terms and related expressions shall be construed accordingly.

**“Equity Closing Price”** means, in respect of a Equity and any relevant date, subject to these Equity Linked Conditions, an amount equal to the official closing price of such Equity quoted on the relevant Exchange as determined by the Calculation Agent on such date.

**“Equity Company”** means, in respect of a Equity, the company that has issued such Equity.

**“Equity Performance”** means the Equity Performance specified in the applicable Final Terms.



“**Equity Price**” means, in respect of a Equity and a time on a Scheduled Trading Day and subject to these Equity Linked Conditions, the price of such Equity at such time on such day as determined by the Calculation Agent.

“**Equity Substitution Criteria**” means (and the Equity Substitution Criteria shall be deemed to be satisfied if), unless otherwise provided in the applicable Final Terms, in respect of a Equity and any other relevant equity:

- (a) the relevant issuer of such other relevant equity belongs to a similar economic sector as the Equity Company of such Equity; and
- (b) the relevant issuer of such other relevant equity has a comparable market capitalization and international standing as the Equity Company in respect of such Equity.

“**Exchange**” means, in relation to a Equity, each exchange or quotation system specified as such for such Equity in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Equity has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to such Equity on such temporary substitute exchange or quotation system as on the original Exchange).

“**Exchange Business Day**” means any Scheduled Trading Day on which each Exchange and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

“**Exchange Disruption**” means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Equities on the Exchange or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Equity on any relevant Related Exchange.

“**Observation Cut-Off Date**” means the eighth Scheduled Trading Day (or, where the Equity Linked Notes relate to a Basket of Equities and the applicable Final Terms provides that “Common Scheduled Trading Days” shall be applicable, the eighth Common Scheduled Trading Day) immediately following the Scheduled Observation Date or, if earlier, the Scheduled Trading Day (or, where the Equity Linked Notes relate to a Basket of Equities and the applicable Final Terms provides that “Common Scheduled Trading Days” shall be applicable, the Common Scheduled Trading Day) falling on or immediately preceding the second Business Day immediately preceding the date on which payment of any amount or delivery of any assets may have to be made pursuant to any calculation or determination made on such Observation Date, provided that the Observation Cut-Off Date shall not fall prior to the original date on which such Observation Date was scheduled to fall.

“**Observation Date**” means each date specified as such in the applicable Final Terms, or if such date is not a Scheduled Trading Day the first Scheduled Trading Day thereafter (or, where the Equity Linked Notes relate to a Basket of Equities and the applicable Final Terms provides that “Common Scheduled Trading Days” shall be applicable, each date specified as an Observation Date in the applicable Final Terms or, if any such date is not a Common Scheduled Trading Day, the immediately following Common Scheduled Trading Day). If any such day is a Disrupted Day, then:

- (a) where the Equity Linked Notes relate to a single Equity, that Observation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day. In that case, or if such Observation Date falls on the Observation Cut-Off Date owing to the original date on

which it was scheduled to fall not being a Scheduled Trading Day for such Equity, (i) the Observation Cut-Off Date shall be deemed to be that Observation Date (notwithstanding the fact that such day may be a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant price in accordance with its good faith estimate of the relevant price as of the Valuation Time on the Observation Cut-Off Date;

- (b) where the Equity Linked Notes relate to a Basket of Equities, that Observation Date for each Equity not affected by the occurrence of a Disrupted Day shall be the Scheduled Observation Date (or, if earlier, the Observation Cut-Off Date) and that Observation Date for each Equity affected (each an “Affected Equity”) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Equity, unless each of the Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day relating to the Affected Equity. In that case, or if such Observation Date falls on the Observation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for such Equity, (i) the Observation Cut-Off Date shall be deemed to be that Observation Date for such Equity (notwithstanding the fact that such day may be a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price using, in relation to such Equity, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its good faith estimate of the price for such Equity as of the Valuation Time on the Observation Cut-Off Date, and otherwise in accordance with the above provisions; or
- (c) where the Equity Linked Notes relate to a Basket of Equities and the applicable Final Terms provides that “Common Scheduled Trading Days” shall be applicable, that Observation Date shall be the first succeeding Common Scheduled Trading Day that is not a Disrupted Day for any Equity, unless each of the Common Scheduled Trading Days immediately following the Scheduled Observation Date up to and including the Observation Cut-Off Date is a Disrupted Day for one or more Equities. In that case, or if such Observation Date falls on the Observation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Common Scheduled Trading Day, (i) the Observation Cut-Off Date shall be deemed to be that Observation Date (notwithstanding the fact that such day may be a Disrupted Day for a Equity or not a Common Scheduled Trading Day) and (ii) the Calculation Agent shall determine the relevant price using, in relation to each Equity for which the Observation Cut-Off Date is a Disrupted Day or is not a Common Scheduled Trading Day, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its good faith estimate of the price for such Equity as of the Valuation Time on the Observation Cut-Off Date, and otherwise in accordance with the above provisions.

“**Observation Period**” means, in respect of a Equity:

- (a) if the consequence of “Extension” is specified in the applicable Final Terms to be applicable, each period commencing on, the Observation Period Start Date, following adjustment of such date pursuant to these Equity Linked Conditions, if applicable (and including or excluding such Observation Period Start Date, as specified in the applicable Final Terms) and ending on the immediately following Observation Period End Date, following adjustment of such date pursuant to these Equity Linked Conditions, if applicable (and including or excluding such Observation Period End Date, as specified in the applicable Final Terms); or
- (b) if the consequence of “No Extension” is specified in the applicable Final Terms to be applicable, each period commencing on the Observation Period Start Date, prior to any adjustment of such date pursuant to these Equity Linked Conditions, if applicable (and including or excluding such Observation Period Start Date, as specified in the applicable

Final Terms) and ending on the immediately following Observation Period End Date, prior to any adjustment of such date pursuant to these Equity Linked Conditions, if applicable (and including or excluding such Observation Period Start Date, as specified in the applicable Final Terms).

**“Observation Period End Date”** means, in respect of a Equity, each date specified as such in the applicable Final Terms.

**“Observation Period Start Date”** means, in respect of a Equity, each date specified as such in the applicable Final Terms.

**“Physical Delivery Notes”** means Notes redeemed by physical delivery.

**“Related Exchange”** means, in relation to a Equity, each exchange or quotation system specified as such for such Equity in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Equity has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Equity on such temporary substitute exchange or quotation system as on the original Related Exchange), provided, however, that where “All Exchanges” is specified as the Related Exchange in the applicable Final Terms, “Related Exchange” shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Equity.

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

**“Scheduled Observation Date”** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been an Observation Date.

**“Scheduled Trading Day”** means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

**“Scheduled Valuation Date”** means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

**“Trade Date”** means the date specified as a Trade Date in the applicable Final Terms.

**“Trading Disruption”** means 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 the Equity on the Exchange or (ii) in futures or options contracts relating to the Equity on any relevant Related Exchange.

**“Valuation Cut-Off Date”** means the eighth Scheduled Trading Day (or, where the Equity Linked Notes relate to a Basket of Equities and the applicable Final Terms provides that “Common Scheduled Trading Days” shall be applicable, the eighth Common Scheduled Trading Day) immediately following the Scheduled Valuation Date or if earlier the Scheduled Trading Day (or, where the Equity Linked Notes relate to a Basket of Equities and the applicable Final Terms provides that “Common Scheduled Trading Days” shall be applicable, the Common Scheduled Trading Day) falling on or immediately preceding the second Business Day immediately preceding the date on which payment of any amount or delivery of any assets may have to be made pursuant to any calculation or determination made on such Valuation Date, provided that the Valuation Cut- Off Date shall not fall prior to the original date on which such Valuation Date was scheduled to fall.

**“Valuation Date”** means each Valuation Date specified in the applicable Final Terms if that is not a Scheduled Trading Day the first Scheduled Trading Day thereafter or, if earlier, the Valuation Cut-Off Date (or, where the Equity Linked Notes relate to a Basket of Equities and the applicable Final Terms provides that “Common Scheduled Trading Days” shall be applicable, each date specified as a Valuation Date or the Actual Exercise Date in the applicable Final Terms or, if any such date is not a Common Scheduled Trading Day, the immediately following Common Scheduled Trading Day). If such day is a Disrupted Day, then:

- (a) where the Equity Linked Notes relate to a single Equity, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days up to and including the Valuation Cut-Off Date is a Disrupted Day. In that case, or if such Valuation Date falls on the Valuation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for such Equity, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date (notwithstanding the fact that such day may be a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant price in accordance with its good faith estimate of the relevant price as of the Valuation Time on the Valuation Cut-Off Date;
- (b) where the Equity Linked Notes relate to a Basket of Equities, the Valuation Date for each Equity not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date (or, if earlier, the Valuation Cut-Off Date) and the Valuation Date for each Equity affected (each an “Affected Equity”) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Equity, unless each of the Scheduled Trading Days immediately following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is a Disrupted Day relating to the Affected Equity. In that case, or if such Valuation Date falls on the Valuation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for such Equity, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date for such Equity (notwithstanding the fact that such day may be a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price using, in relation to such Equity, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its good faith estimate of the price for such Equity as of the Valuation Time on the Valuation Cut-Off Date, and otherwise in accordance with the above provisions; or
- (c) where the Equity Linked Notes relate to a Basket of Equities and the applicable Final Terms provides that “Common Scheduled Trading Days” shall be applicable, the Valuation Date shall be the first succeeding Common Scheduled Trading Day that is not a Disrupted Day for any Equity, unless each of the Common Scheduled Trading Days immediately following the Scheduled Valuation Date up to and including the Valuation Cut-Off Date is a Disrupted Day for one or more Equities. In that case, or if the Valuation Date falls on the Valuation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Common Scheduled Trading Day, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date (notwithstanding the fact that such day may be a Disrupted Day for a Equity or not a Common Scheduled Trading Day) and (ii) the Calculation Agent shall determine the relevant price using, in relation to each Equity for which the Valuation Cut-Off Date is a Disrupted Day or is not a Common Scheduled Trading Day, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its good faith estimate of the price for such Equity as of the Valuation Time on the Valuation Cut-Off Date, and otherwise in accordance with the above provisions.

**“Valuation Time”** means the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date, Observation Date or Averaging Date, as the case may be, in relation to each

Equity to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

### 3. **Barrier Event**

- (a) A “**Barrier Event (intraday)**” means (and a Barrier Event (intraday) shall be deemed to occur if), in respect of a Equity, the Calculation Agent determines that the Equity Price of such Equity as of the Barrier Event Valuation Time (intraday) on any Barrier Event Determination Day is less than or equal to the corresponding Barrier Level for such Equity and such Barrier Event Determination Day.

For the purpose of determining whether a Barrier Event (intraday) has occurred on any day, the definition of Market Disruption Event specified in Equity Linked Condition 4 shall be amended such that (i) all references to “during the one hour period that ends at the relevant Valuation Time” shall be deleted, and (ii) in the definition of “Early Closure” appearing in Equity Linked Condition 2, each reference to “Valuation Time” and “Scheduled Closing Time” shall be construed as a reference to “Barrier Event Valuation Time (intraday)”.

- (b) A “**Barrier Event (closing)**” means (and a Barrier Event (closing) shall be deemed to occur if), in respect of a Equity, the Calculation Agent determines that the Equity Closing Price of any Equity as of the Barrier Event Valuation Time (closing) on any Barrier Event Determination Day is less than or equal to the corresponding Barrier Level for such Equity and such Barrier Event Determination Day.

### 4. **Market Disruption**

“**Market Disruption Event**” means, in relation to a Equity, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, any time during the one hour period that ends at the Valuation Time for such Equity or (iii) an Early Closure.

### 5. **Correction to Equity Prices**

If the price of a Equity published on any Valuation Date, Observation Date, or an Averaging Date (or other relevant date, as determined by the Calculation Agent) as the case may be, by the relevant Exchange and which is utilized for any calculation or determination made for the purposes of the Notes (a “Relevant Calculation”) is subsequently corrected and the correction (the “Corrected Equity Price”) published by the relevant Exchange no later than two Business Days prior to the date on which payment of any amount or delivery of any assets may have to be made pursuant to such Relevant Calculation, then such Corrected Equity Price shall be deemed to be the relevant price for such Equity on such Averaging Date, Observation Date or Valuation Date (or other relevant date, as determined by the Calculation Agent), as the case may be, and the Calculation Agent shall use such Corrected Equity Price in determining the relevant price and/or whether the Barrier Event (closing) or Barrier Event (intraday), as the case may be, has been triggered.

### 6. **Potential Adjustment Events, Merger Event, Tender Offer, De-listing, Nationalization and Insolvency**

- (a) “**Potential Adjustment Event**” means any of the following:
- (i) a subdivision, consolidation or reclassification of relevant Equities (unless resulting in a Merger Event or, if Tender Offer is specified as applying in the applicable Final Terms, a Tender Offer) or a free distribution or dividend of any such Equities to existing holders by way of bonus, capitalization or similar issue;

- (ii) a distribution, issue or dividend to existing holders of the relevant Equities of (A) such Equities or (B) other equity capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Equity Company equally or proportionately with such payments to holders of such Equities or (C) equity capital or other securities of another issuer acquired or owned (directly or indirectly) by the Equity Company as a result of a spin-off or other similar transaction or (D) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Calculation Agent;
- (iii) an extraordinary dividend as determined by the Calculation Agent;
- (iv) a call by a Equity Company in respect of relevant Equities that are not fully paid;
- (v) a repurchase by the Equity Company or any of its subsidiaries, as the case may be, of relevant Equities whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; or
- (vi) in respect of a Equity Company an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Equity Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights; or
- (vii) any other event having, in the opinion of the Calculation Agent, a diluting or concentrative effect on the theoretical value of the relevant Equities.

Following the declaration by the Equity Company of the terms of any Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Equities and, if so, will make the corresponding adjustment, if any, to any one or more of the terms of the Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate to account for that diluting or concentrative effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends stock loan rate or liquidity relative to the relevant Equity) and determine the effective date of that adjustment. The Calculation Agent may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Equities traded on that options exchange.

If “**Local Tax Adjustment**” is specified in the applicable Final Terms as being applicable, then, in its determinations of the existence and extent of any dilutive or concentrative effect on the theoretical value of the Equities of any Potential Adjustment Event, and any related adjustments to the terms of the Notes, the Calculation Agent shall take into account any amounts of Local Taxes that would, in the determination of the Calculation Agent, be withheld from or paid or otherwise incurred by an Offshore Investor in connection with such Potential Adjustment Event.

“**Local Taxes**” shall mean taxes, duties, and similar charges imposed by the taxing authority of the Local Jurisdiction (specified in the applicable Final Terms).

“**Offshore Investor**” shall mean a holder of Equities who is an institutional investor not resident in the Local Jurisdiction for the purposes of the tax laws and regulations of the

Local Jurisdiction and, for the avoidance of doubt, whose jurisdiction of residence (a) shall be determined by the Calculation Agent and (b) may be the jurisdiction of residence of the Issuer or any of its affiliates or agents.

Upon the making of any such adjustment, the Calculation Agent shall give notice as soon as practicable to the Holders in accordance with Note Condition 13, stating the adjustment to the terms of the Terms and Conditions and/or the applicable Final Terms and giving brief details of the Potential Adjustment Event provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such adjustment.

- (b) **“De-listing”** means, in respect of any relevant Equities:
- (i) in the case where the Exchange is not located in the United States, such Exchange announces that pursuant to the rules of such Exchange, such Equities cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or, if Tender Offer is specified as applying in the applicable Final Terms, a Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union); or
  - (ii) in the case where the Exchange is located in the United States, such Exchange announces that pursuant to the rules of such Exchange, such Equities cease (or will cease) to be listed, traded or publicly quoted on the Exchange for any reason (other than a Merger Event or, if Tender Offer is specified as applying in the applicable Final Terms, a Tender Offer) and are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, the American Stock Exchange, the NASDAQ Global Select Market or the NASDAQ Global Market (or their respective successors).

If the Equities are immediately re-listed, re-traded or re-quoted on any exchange or quotation system, such exchange or quotation system shall be deemed to be the Exchange in respect of such Equities.

**“Insolvency”** means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the Equity Company (A) all the Equities of that Equity Company are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Equities of that Equity Company become legally prohibited from transferring them.

**“Merger Date”** means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

**“Merger Event”** means, in respect of any relevant Equities, any (A) reclassification or change of such Equities that results in a transfer of or an irrevocable commitment to transfer all of such Equities outstanding to another entity or person, (B) consolidation, amalgamation, merger or binding share exchange of a Equity Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Equity Company is the continuing entity and which does not result in a reclassification or change of all of such Equities outstanding), (C) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Equities of the Equity Company that results in a transfer of or an irrevocable commitment to transfer all such Equities (other than such Equities owned or controlled by such other entity or person), or (D) consolidation, amalgamation, merger or binding share exchange of the Equity Company or its subsidiaries with or into another entity in which the Equity

Company is the continuing entity and which does not result in a reclassification or change of all such Equities outstanding but results in the outstanding Equities (other than Equities owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Equities immediately following such event, in each case if the Merger Date is on or before (I) in the case of Cash Settled Notes, the last occurring Valuation Date or Observation Date, as the case may be, or where Averaging is specified in the applicable Final Terms, the final Averaging Date in respect of the relevant Note or (II) in the case of Physical Delivery Notes, the Maturity Date.

“**Nationalization**” means that all the Equities or all or substantially all the assets of the Equity Company are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

“**Tender Offer**” means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Equity Company as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

“**Tender Offer Date**” means, in respect of a Tender Offer, the date on which voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Calculation Agent).

- (c) If (x) a Merger Event, De-listing, Nationalization or Insolvency occurs in relation to a Equity and/or (y) if Tender Offer is specified as applicable in the applicable Final Terms, a Tender Offer occurs, the Issuer in its sole and absolute discretion may take the action described in (i), (ii), (iii) or (iv) below:
- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any terms of the Terms and Conditions and/or the applicable Final Terms to account for the De-listing, Merger Event, Tender Offer, Nationalization or Insolvency, as the case may be, and determine the effective date of that adjustment. The Calculation Agent may (but need not) determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, De-listing, Nationalization or Insolvency made by any options exchange to options on the Equities traded on that options exchange and the relevant adjustments may in the case of adjustments following a Merger Event or Tender Offer include, without limitation, adjustments to account for changes in volatility, expected dividends, stock loan rate or liquidity relevant to the Equities; or
  - (ii) give notice to the Noteholders in accordance with Note Condition 13 and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount; or
  - (iii) following such adjustment to the settlement terms of options on the Equities traded on such exchange(s) or quotation system(s) as the Issuer in its sole discretion shall select (the “Options Exchange”), require the Calculation Agent to make a corresponding adjustment to any one or more of the terms of the Terms and Conditions and/or the applicable Final Terms which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Equities are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of the terms of the Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its



sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange to account for the Merger Event, Tender Offer, De-listing, Nationalization or Insolvency, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such options were so traded; or

(iv) unless the applicable Final Terms provide that “Equity Substitution” shall not be applicable, then on or after the relevant Merger Date, Tender Offer Date, or the date of the Nationalization, Insolvency or De-listing (as the case may be):

(I) Where the Equity Linked Notes relate to a single Equity, the Calculation Agent may substitute the share (the “Substitute Equity”) selected by it in accordance with the Equity Substitution Criteria in place of such Equity (the “Affected Equity”) which is affected by such Merger Event, Tender Offer, Nationalization, Insolvency or De-listing and the Substitute Equity will be deemed to be “Equity” and the relevant issuer of such shares, a “Equity Company” for the purposes of the Notes, and the Calculation Agent will make such adjustment, if any, to any of the terms of the Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, provided that in the event that any amount payable under the Notes was to be determined by reference to the price of the Affected Equity on the Trade Date (or any such other historical date specified in the applicable Final Terms), the relevant price of each Substitute Equity will be determined by the Calculation Agent in accordance with the following formula:

$$A \times (B/C)$$

Where:

“A” is the official closing price of the relevant Substitute Equity on the relevant exchange, as determined by the Calculation Agent, on the date that the substitution is effected;

“B” is the price of the Affected Equity on the Trade Date (or any such other historical date specified in the applicable Final Terms) where such price is defined in the applicable Final Terms for the purposes of calculating any value or determining any amount payable in respect of the Notes; and

“C” is the official closing price of the relevant Affected Equity on the relevant Exchange on the date that the substitution is effected.

(II) Where the Equity Linked Notes relate to a Basket of Equities, the Calculation Agent may adjust the basket of Equities to include a share or shares (the “Substitute Equities”) selected by it in accordance with the Equity Substitution Criteria in place of the Equity(s) (the “Affected Equity(s)”) which are affected by such Merger Event, Tender Offer, Nationalization, Insolvency or De-listing and the Substitute Equities will be deemed to be “Equities” and the relevant issuer of each such share, a “Equity Company” for the purposes of the Notes, and the Calculation Agent will make such adjustment, if any, to any of the terms of the Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, provided that in the event that any amount payable under the Notes was to be determined by reference to the price of the Affected

Equity on the Trade Date (or any such other historical date specified in the applicable Final Terms), the relevant price of each Substitute Equity will be determined by the Calculation Agent in accordance with the following formula:

$$A \times (B/C)$$

Where:

“A” is the official closing price of the relevant Substitute Equity on the relevant exchange, as determined by the Calculation Agent on the date that the substitution is effected;

“B” is the price of the Affected Equity on the Trade Date (or any such other historical date specified in the applicable Final Terms) where such price is defined in the applicable Final Terms for the purposes of calculating any value or determining any amount payable in respect of the Notes; and

“C” is the official closing price of the relevant Affected Equity on the relevant Exchange on the date that the substitution is effected.

The weighting of each Substitute Equity in the basket will be equal to the weighting of the relevant Affected Equity.

Upon the occurrence of a Merger Event, De-listing, Nationalization, Insolvency or, if applicable, Tender Offer, the Issuer shall give notice as soon as practicable to the Holders in accordance with Note Condition 13 stating the occurrence of the Merger Event, Tender Offer, Nationalization or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such Merger Event, Tender Offer, De-listing, Nationalization or Insolvency, as the case may be.

## 7. Non-euro Quoted Equities

In respect of Equity Linked Notes relating to Equities originally quoted, listed and/or dealt as of the Trade Date in a currency of a member state of the European Union that has not adopted the single currency in accordance with the Treaty (“euro”), if such Equities are at any time after the Trade Date quoted, listed and/or dealt exclusively in euro on the relevant Exchange or, where no Exchange is specified in the applicable Final Terms, the principal market on which those Equities are traded, then the Calculation Agent will adjust any of the terms of the Terms and Conditions and/or the applicable Final Terms as the Calculation Agent determines in its sole and absolute discretion to be appropriate to preserve the economic terms of the Notes. The Calculation Agent will make any conversion necessary for purposes of any such adjustment as of the Valuation Time at an appropriate mid market spot rate of exchange determined by the Calculation Agent prevailing as of the Valuation Time. No adjustments under this provision will affect the currency denomination of any payment obligation arising out of the Notes.

## 8. Additional Disruption Events

- (a) “**Additional Disruption Event**” means any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow, Loss of Stock Borrow and/or Insolvency Filing, in each case if specified in the applicable Final Terms.

“**Change in Law**” means that, on or after the Trade Date (as specified in the applicable Final Terms) (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law) or an Announced Prospective Change, or (ii) due to the

promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in its sole and absolute discretion that (A) it has become illegal to hold, acquire or dispose of any relevant Equity or (B) it will incur (or, in the case of an Announced Prospective Change and assuming that such Announced Prospective Change becomes effective as of the date specified in such announcement and in the form announced, would incur) a materially increased cost in performing its obligations in relation to the Equity Linked Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its affiliates).

**“Hedging Disruption”** means that the Issuer and/or any of its Affiliates or agents is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Equity Linked Notes, or (ii) realize, recover or remit the proceeds of any such transaction(s) or asset(s).

**“Hedging Equities”** means the number of Equities that the Calculation Agent deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the Equity Linked Notes.

**“Increased Cost of Hedging”** means that the Issuer and/or any of its Affiliates or agents would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) or cost of capital or capital to be set aside to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Equity Linked Notes, or (ii) realize, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates or agents shall not be deemed an Increased Cost of Hedging.

**“Increased Cost of Stock Borrow”** means that the Issuer and/or any of its Affiliates would incur a rate to borrow Equities that is greater than the Initial Stock Loan Rate.

**“Initial Stock Loan Rate”** means, in respect of a Equity, the Initial Stock Loan Rate specified in relation to such Equity in the applicable Final Terms.

**“Insolvency Filing”** means that a Equity Company institutes or has instituted against it by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, or it consents to a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official or it consents to such a petition, provided that proceedings instituted or petitions presented by creditors and not consented to by the Equity Company shall not be deemed an Insolvency Filing.

**“Loss of Stock Borrow”** means that the Issuer and/or any affiliate is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Equity in an amount equal to the Hedging Equities at a rate equal to or less than the Maximum Stock Loan Rate.

**“Maximum Stock Loan Rate”** means in respect of a Equity, the Maximum Stock Loan Rate specified in the applicable Final Terms.

- (b) If an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (i) or (ii) below:

- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of the Terms and Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
  - (ii) give notice to Holders in accordance with Note Condition 13 and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount.
- (c) Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Holders in accordance with Note Condition 13 stating the occurrence of the Additional Disruption Event giving details thereof and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event.
- (d) If the applicable Final Terms provide that “Equity Substitution” is applicable upon the occurrence of an Additional Disruption Event, the provisions of Equity Linked Condition 6(c)(iv)(I) or 6(c)(iv)(II) (as is applicable) shall apply in respect of an Additional Disruption Event where any reference to “Merger Event, Tender Offer, Nationalization, Insolvency or De-listing” in Equity Linked Conditions 6(c)(iv)(I) and 6(c)(iv)(II) shall be replaced by “Additional Disruption Event”, and any other relevant references shall be construed accordingly.

### ANNEX 3

## ADDITIONAL TERMS AND CONDITIONS FOR COMMODITY LINKED NOTES

### 1. Interpretation

If specified as applicable in the applicable Final Terms, the terms and conditions applicable to Commodity Linked Notes shall comprise the terms and conditions of the Notes (the “Note Conditions”) and the Additional Terms and Conditions for Commodity Linked Notes set out below (the “Commodity Linked Conditions”), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the Note Conditions and the Commodity Linked Conditions, the Commodity Linked Conditions shall prevail. In the event of any inconsistency between (i) the Note Conditions and/or the Commodity Linked Conditions and (ii) the applicable Final Terms, the applicable Final Terms shall prevail.

### 2. Definitions

“**Basket of Commodities**” means a basket comprising Commodities in their relative proportions or numbers of Commodities, as specified in the applicable Final Terms.

“**Calculation Agent Determination**” means that the Calculation Agent will determine the Relevant Price (or method for determining the Relevant Price), taking into consideration the latest available quotation for the relevant Commodity Reference Price and any other information that in good faith it deems relevant.

“**Commodity**” and “**Commodities**” means, subject to adjustment in accordance with these Commodity Linked Conditions, in the case of an issue of Commodity Linked Notes relating to a Basket of Commodities, each commodity and, in the case of an issue of Commodity Linked Notes relating to a single Commodity, the Commodity, in each case specified in the applicable Final Terms and related expressions shall be construed accordingly.

“**Commodity Business Day**” has the meaning given it in the applicable Final Terms.

“**Commodity Cut-Off Date**” means, in respect of a Pricing Date (or, if different, the day on which the price for that Pricing Date would, in the ordinary course, be published by the Price Source) the date specified in the applicable Final Terms, or if not so specified, the day falling two Business Days immediately preceding the Payment Day or Settlement Date, as applicable of the amount calculated in respect of such Pricing Date (or other date as aforesaid), provided that the Commodity Cut-Off Date shall not fall earlier than the original date on which such Pricing Date is scheduled to fall (unless otherwise provided in the applicable Final Terms).

“**Commodity Index Cut-Off Date**” means, in respect of a Pricing Date (or, if different, the day on which the price for that Pricing Date would, in the ordinary course, be published by the Price Source) the date specified in the applicable Final Terms, or if not so specified, the day falling two Business Days immediately preceding the Payment Day or Settlement Date, as applicable of the amount calculated in respect of such Pricing Date (or other date as aforesaid), provided that the Commodity Index Cut-Off Date shall not fall earlier than the original date on which such Pricing Date is scheduled to fall (unless otherwise provided in the applicable Final Terms).

“**Commodity Index**” means, subject to adjustment in accordance with the Commodity Linked Conditions, an index comprising various commodities or commodity prices, as specified in the applicable Final Terms.

“**Commodity Reference Price**” means (i) in respect of all Commodities, the Commodity Reference Price specified in the applicable Final Terms and (ii) in respect of a Commodity Index, the Commodity Reference Price specified in the applicable Final Terms, or if not so specified, the official closing price of such Commodity Index.

**“Commodity Trading Disruption”** means the material suspension of, or the material limitation imposed on, trading in the Futures Contract or the Commodity on the Exchange or in any additional futures contract, options contract or commodity on any Exchange.

**“Delayed Publication or Announcement”** means that the Relevant Price for a Pricing Date will be determined based on the Specified Price in respect of the original day scheduled as such Pricing Date that is published or announced by the relevant Price Source retrospectively on the first succeeding Commodity Business Day on which the Market Disruption Event ceases to exist, unless that Market Disruption Event continues to exist (measured from and including the original day that would otherwise have been the Pricing Date (or, if applicable, if the Pricing Date as specified in the Final Terms is adjusted on account of such original date not being a Commodity Business Day, measured from and including the day that is the original date that would otherwise have been the Pricing Date, following the such adjustment specified in the applicable Final Terms on account of such original date not being a Commodity Business Day)) or the Relevant Price continues to be unavailable for two (2) consecutive Commodity Business Days. In that case, the next Disruption Fallback (as defined below) specified in the applicable Final Terms will apply.

**“Delivery Date”** means the date specified in the applicable Final Terms.

**“Disappearance of Commodity Reference Price”** means:

- (i) the permanent discontinuation of trading, in the relevant Futures Contract on the relevant Exchange;
- (ii) the disappearance of, or of trading in, the Commodity; or
- (iii) the disappearance or permanent discontinuance or unavailability of a Commodity Reference Price,

notwithstanding the availability of the related Price Source or the status of trading in the relevant Futures Contract or the Commodity.

**“Exchange”** means, in relation to a Commodity, the exchange or principal trading market specified as such for such Commodity in the applicable Final Terms or Commodity Reference Price.

**“Fallback Reference Price”** means that the Calculation Agent will determine the Relevant Price based on the price for that Pricing Date of the first alternate Commodity Reference Price, if any, specified in the applicable Final Terms and not subject to a Market Disruption Event.

**“Futures Contract”** means, in respect of a Commodity Reference Price, the contract for future delivery of a contract size in respect of the relevant Delivery Date relating to the Commodity or Commodity Index referred to in that Commodity Reference Price.

**“Material Change in Content”** means the occurrence since the Trade Date of a material change in the content, composition or constitution of the relevant Commodity or relevant Futures Contract.

**“Material Change in Formula”** means the occurrence since the Trade Date of a material change in the formula for or method of calculating the relevant Commodity Reference Price.

**“Nearby Month”** when preceded by a numerical adjective, means, in respect of a Delivery Date and a Pricing Date, the month of expiration of the Futures Contract identified by the numerical adjective, so that, for example, (i) “First Nearby Month” means the month of expiration of the first Futures Contract to expire following that Pricing Date and (ii) “Second Nearby Month” means the month of expiration of the second Futures Contract to expire following that Pricing Date, etc.

**“Postponement”** means that the Pricing Date will be deemed, for purposes of the application of this Disruption Fallback, to be the first succeeding Commodity Business Day on which the Market Disruption Event ceases to exist, unless that Market Disruption Event continues to exist for two consecutive Commodity Business Days (measured from and including the original day that would otherwise have been the Pricing Date (or, if applicable, if the Pricing Date as specified in the Final Terms is adjusted on account of such original date not being a Commodity Business Day, measured from and including the day that is the original date that would otherwise have been the Pricing Date, following such adjustment specified in the applicable Final Terms on account of such original date not being a Commodity Business Day)). In that case, the next Disruption Fallback specified in the definition of “Disruption Fallback” below will apply.

**“Price Source”** means the publication (or such other origin of reference, including an Exchange) containing (or reporting) the Specified Price (or prices from which the Specified Price is calculated) specified in the specified Commodity Reference Price or otherwise in the applicable Final Terms.

**“Price Source Disruption”** means:

- (i) the failure of the Price Source to announce or publish the Specified Price (or the information necessary for determining the Specified Price) for the relevant Commodity Reference Price; or
- (ii) the temporary or permanent discontinuance or unavailability of the Price Source.

For these purposes:

- (a) a suspension of the trading in the Futures Contract or the Commodity on any Commodity Business Day shall be deemed to be material only if:
  - (i) all trading in the Futures Contract or the Commodity is suspended for the entire Pricing Date; or
  - (ii) all trading in the Futures Contract or the Commodity is suspended subsequent to the opening of trading on the Pricing Date, trading does not recommence prior to the regularly scheduled close of trading in such Futures Contract or such Commodity on such Pricing Date and such suspension is announced less than one hour preceding its commencement; and
- (b) a limitation of trading in the Futures Contract or the Commodity on any Commodity Business Day shall be deemed to be material only if the relevant Exchange establishes limits on the range within which the price of the Futures Contract or the Commodity may fluctuate and the closing or settlement price of the Futures Contract or the Commodity on such day is at the upper or lower limit of that range.

**“Pricing Date”** has the meaning given it in the applicable Final Terms.

**“Relevant Commodity”** means, in respect of a Commodity Linked Note, such Commodity as is so specified in the applicable Final Terms, and, if more than one commodity is so specified in the applicable Final Terms, then all such commodities shall be referred to as the **“Relevant Commodities”**.

**“Relevant Price”** means for any Pricing Date, the price, expressed as a price per unit of the Commodity or the price of the Commodity Index, determined with respect to that day for the specified Commodity Reference Price calculated as provided in these Commodity Linked Conditions and the applicable Final Terms.

“**Specified Price**” means, in respect of a Commodity Reference Price, any of the following prices (which must be a price reported in or by, or capable of being determined from information reported in or by, the relevant Price Source) as specified in the applicable Final Terms (and, if applicable, as of the time so specified): (A) the high price; (B) the low price; (C) the average of the high price and the low price; (D) the closing price; (E) the opening price; (F) the bid price; (G) the asked price; (H) the average of the bid price and the asked price; (I) the settlement price; (J) the official settlement price; (K) the official price; (L) the morning fixing; (M) the afternoon fixing; (N) the spot price; or (O) any other price specified in the applicable Final Terms.

### 3. **Terms relating to Calculation of Prices**

#### (a) **Common Pricing**

With respect to Commodity Linked Notes relating to a Basket of Commodities, if “Common Pricing” is specified in the applicable Final Terms as:

- (i) “**Applicable**” then, no date will be a Pricing Date unless such date is a day on which all referenced Commodity Reference Prices (for which such date would otherwise be a Pricing Date) are scheduled to be published or announced, as determined on the Trade Date of the Notes as of the Issue Date;
- (ii) “**Not Applicable**” then, if the Calculation Agent determines that a Market Disruption Event has occurred or exists on the Pricing Date in respect of any Relevant Commodity and/or Commodity Index (each an “Affected Commodity”), the Relevant Price of each Commodity and/or Commodity Index within the basket which is not affected by the occurrence of a Market Disruption Event shall be determined on its scheduled Pricing Date and the Relevant Price for each Affected Commodity shall be determined in accordance with the first applicable Disruption Fallback that provides a Relevant Price.

All determinations made by the Calculation Agent pursuant to this condition will be conclusive and binding on the Holders and the Issuer, except in the case of manifest error.

#### (b) **Correction to Published Prices**

For purposes of determining or calculating the Relevant Price, if the price published or announced on a given day and used or to be used by the Calculation Agent to determine a Relevant Price is subsequently corrected and the correction is published or announced by the person responsible for that publication or announcement within 30 calendar days after the original publication or announcement (or, if earlier the day falling two Commodity Business Days preceding the date on which payment of any amount or delivery of any assets may have to be made, in each case calculated by reference to such Relevant Price), the Calculation Agent may, in its sole discretion, use such corrected price in such calculation.

### 4. **Market Disruption and Disruption Fallback**

If, in the opinion of the Calculation Agent, a Market Disruption Event (as defined below) has occurred and is continuing on any Pricing Date (or, if different, the day on which the price for that Pricing Date would, in the ordinary course, be published by the Price Source), the Relevant Price for that Pricing Date will be determined by the Calculation Agent, in accordance with the first applicable Disruption Fallback (as set out below) that provides a Relevant Price:

#### (a) **Market Disruption Event**

“**Market Disruption Event**” means the occurrence of any of the following events:

- (i) with respect to all Commodities:



- (A) Price Source Disruption;
  - (B) Commodity Trading Disruption;
  - (C) Disappearance of Commodity Reference Price; and
- (ii) with respect to all Commodities other than gold, silver, platinum or palladium:
- (A) Material Change in Formula;
  - (B) Material Change in Content; and
  - (C) any additional Market Disruption Events as specified in the applicable Final Terms; and
- (iii) with respect to a Commodity Index:
- (A) a temporary or permanent failure by the applicable exchange or other price source to announce or publish (x) the Commodity Reference Price or (y) the closing price for any futures contract included in the Commodity Index;
  - (B) a material limitation, suspension or disruption of trading in one or more of the futures contracts included in the Commodity Index which results in a failure by the exchange on which each applicable futures contract is traded to report a closing price for such contract on the day on which such event occurs or any succeeding day on which it continues; or
  - (C) the closing price for any futures contract included in the Commodity Index is a “limit price”, which means that the closing price for such contract for a day has increased or decreased from the previous day’s closing price by the maximum amount permitted under applicable exchange rules.
- (iv) Disruption Fallback

“**Disruption Fallback**” means a source or method that may give rise to an alternative basis for determining the Relevant Price in respect of a specified Commodity Reference Price when a Market Disruption Event occurs or exists on a day that is a Pricing Date in respect of the relevant Note. A Disruption Fallback is applicable if it is specified in the applicable Final Terms or, if no Disruption Fallback is specified in the applicable Final Terms, shall mean:

- (A) with respect to a relevant Commodity, (in the following order):
  - I. Fallback Reference Price (if applicable);
  - II. Delayed Publication or Announcement and Postponement (each to operate concurrently with the other and each subject to a period of two consecutive Commodity Business Days (measured from and including the original day that would otherwise have been the Pricing Date (or, if applicable, measured from and including the day that is the original date that would otherwise have been the Pricing Date, following the adjustment specified in the applicable Final Terms on account of such original date not being a Commodity Business Day)), or, if shorter, the period commencing on, and including, the original day that would otherwise have been the Pricing Date and ending on, and including, the Commodity Cut-Off Date) provided, however, that the price determined by Postponement shall be the Relevant Price only if Delayed Publication or Announcement does not yield a Relevant Price within those two consecutive

Commodity Business Days (or, if applicable, the number of Commodity Business Days (if any) falling within the period ending on the Commodity Cut-Off Date); and

### III. Calculation Agent Determination;

(B) with respect to a Commodity Index the Calculation Agent shall determine the Relevant Price:

(a) using:

- (i) with respect to each futures contract included in the Commodity Index which is not affected by the Market Disruption Event, the closing prices of each such contract on the applicable determination date;
- (ii) with respect to each futures contract included in the Commodity Index which is affected by the Market Disruption Event, but for which a Market Disruption Event ceased to exist on or prior to the Commodity Index Cut-Off Date, the closing prices of each such contract on the first day following the applicable determination date on which no Market Disruption Event is occurring with respect to such contract; and
- (iii) with respect to each futures contract included in the Commodity Index which is affected by the Market Disruption Event, where a Market Disruption Event continues to exist as of the Commodity Index Cut-Off Date, the Calculation Agent's good faith estimate of the closing price of each such contract on the Commodity Index Cut-Off Date;

(b) as specified in the applicable Final Terms.

Subject as provided below, the Calculation Agent shall determine the Relevant Price by reference to the closing prices determined in (a)(i), (a)(ii) and (a)(iii) above or as provided in (b) above using the then current method for calculating the Commodity Reference Price.

Where (i) the original date that would otherwise have been the Pricing Date is adjusted on account of such original date not being a Commodity Business Day, and the Pricing Date would fall on or after the Commodity Index Cut-Off Date following such adjustment, or (ii) a Market Disruption Event with respect to one or more futures contracts included in the Commodity Index has occurred on an applicable determination date and continues to exist as of the relevant Commodity Index Cut-Off Date for such applicable determination date, the Calculation Agent shall determine the Relevant Price on such Commodity Index Cut-Off Date. In calculating the Relevant Price as set out herein, the Calculation Agent shall use the formula for calculating the Commodity Reference Price last in effect prior to the Market Disruption Event (if applicable).

## **5. Adjustments to a Commodity Index**

### **(a) Successor Index Sponsor Calculates and Reports a Commodity Index**

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

### **(b) Modification and Cessation of Calculation of a Commodity Index**

If on or prior to a Pricing Date (i) the relevant Index Sponsor makes a material change in the formula for or the method of calculating a relevant Commodity Index or in any other way materially modifies that Commodity Index (other than a modification prescribed in that formula or method to maintain that Commodity Index in the event of changes in constituent commodities and weightings and other routine events), or (ii) the Index Sponsor permanently cancels a relevant Commodity Index or (iii) the Index Sponsor fails to calculate and announce a relevant Commodity Index and there is no Successor Index Sponsor or Successor Index then the Calculation Agent may at its option (in the case of (i)) and shall (in the case of (ii) and (iii)) (such events (i) (ii) and (iii) to be collectively referred to as “Index Adjustment Events”) calculate the Relevant Price using in lieu of the published level for that Commodity Index, the level for that Commodity Index as at the relevant determination date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Commodity Index last in effect prior to the relevant Index Adjustment Event, but using only those futures contracts that comprised that Commodity Index immediately prior to the relevant Index Adjustment Event (other than those futures contracts that have ceased to be listed on any relevant exchange).

### **(c) Corrections to a Commodity Index**

If the level of a relevant Commodity Index published on any Pricing Date (or, if different, the day on which the price for that Pricing Date would, in the ordinary course, be published by the Price Source) by the relevant Index Sponsor or (if applicable) the relevant Successor Index Sponsor and which is utilized for any calculation or determination made for the purposes of the Commodity Linked Notes (a “Relevant Calculation”) is subsequently corrected and the correction (the “Corrected Commodity Index Level”) published by the relevant Index Sponsor or (if applicable) the relevant Successor Index Sponsor no later than two Business Days prior to the date on which payment of any amount or delivery of any assets may have to be made, in each case to be calculated by reference to the Relevant Calculation then such Corrected Commodity Index Level shall be deemed to be the relevant level for such Commodity Index on such Pricing Date (or, if different, the day on which the price for that Pricing Date would, in the ordinary course, be published by the Price Source) and the Calculation Agent shall use such Corrected Commodity Index Level in determining the relevant level or price.

**ANNEX 4**  
**ADDITIONAL TERMS AND CONDITIONS FOR CREDIT LINKED NOTES**

**1. Interpretation**

If specified as applicable in the applicable Final Terms, the terms and conditions applicable to Credit Linked Notes shall comprise the terms and conditions of the Notes (the “Note Conditions”) and the Additional Terms and Conditions for Credit Linked Notes set out below (the “Credit Linked Conditions”), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the Note Conditions and the Credit Linked Conditions, the Credit Linked Conditions shall prevail. In the event of any inconsistency between (i) the Note Conditions and/or the Credit Linked Conditions and (ii) the applicable Final Terms, the applicable Final Terms shall prevail.

**2. Definitions**

“**Accreted Amount**” means, with respect to an Accreting Obligation, an amount equal to (a) the sum of (i) the original issue price of such obligation and (ii) the portion of the amount payable at maturity that has accreted in accordance with the terms of the obligation (or as otherwise described below), less (b) any cash payments made by the obligor thereunder that, under the terms of such obligation, reduce the amount payable at maturity (unless such cash payments have been accounted for in (a)(ii) above), in each case calculated as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the Delivery Date or applicable Valuation Date, as the case may be. Such Accreted Amount shall include any accrued and unpaid periodic cash interest payments (as determined by the Calculation Agent in its sole and absolute discretion) only if “Include Accrued Interest” is specified as applicable in the applicable Final Terms. If an Accreting Obligation is expressed to accrete pursuant to a straight-line method or if such Obligation’s yield to maturity is not specified in, nor implied from, the terms of such Obligation, then, for the purposes of (a)(ii) above, the Accreted Amount shall be calculated using a rate equal to the yield to maturity of such Obligation. Such yield shall be determined on a semi-annual bond equivalent basis using the original issue price of such obligation and the amount payable at the scheduled maturity of such obligation, and shall be determined as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the Delivery Date or applicable Valuation Date, as the case may be. The Accreted Amount shall exclude, in the case of an Exchangeable Obligation, any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

“**Accreting Obligation**” means any obligation (including, without limitation, a Convertible Obligation or an Exchangeable Obligation), the terms of which expressly provide for an amount payable upon acceleration equal to the original issue price (whether or not equal to the face amount thereof) plus an additional amount or amounts (on account of original issue discount or other accruals of interest or principal not payable on a periodic basis) that will or may accrete, whether or not (a) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (b) periodic cash interest is also payable.

“**Auction**” has the meaning set forth in the Transaction Auction Settlement Terms.

“**Auction Cancellation Date**” means the date on which an Auction is deemed to be cancelled pursuant to the Transaction Auction Settlement Terms with respect to the relevant Reference Entity, or, if the Issuer has delivered a Notice to Exercise Movement Option to the Holders, the date on which a Parallel Auction is deemed to be cancelled pursuant to the Parallel Auction Settlement Terms identified by the Issuer in such notice.

“**Auction Covered Transaction**” has the meaning set forth in the Transaction Auction Settlement Terms.

“**Auction Final Price**” has the meaning given to it in the Transaction Auction Settlement Terms or the Parallel Auction Settlement Terms identified by the Issuer in its Notice to Exercise Movement Option (in the latter case, provided that such Notice to Exercise Movement Option has been delivered to the Holders on or prior to the date falling 15 Business Days following the Auction Final Price Determination Date for such Parallel Auction Settlement Terms).

“**Auction Final Price Determination Date**” means the day, if any, on which the Auction Final Price is determined pursuant to the Transaction Auction Settlement Terms or, if the Calculation Agent has delivered a Notice to Exercise Movement Option to the Issuer, the Parallel Auction Settlement Terms identified by the Calculation Agent in such notice, in each case with respect to the relevant Reference Entity.

“**Auction Settlement Amount**” means the amount specified as such in the applicable Final Terms or if no such amount is specified in the applicable Final Terms, an amount calculated by the Calculation Agent equal to:

$$(A \times B) - C$$

where:

A is the Calculation Amount;

B is the Auction Final Price; and

C is Unwind Costs,

provided that in no event shall the Auction Settlement Amount be less than zero.

“**Auction Settlement Date**” means the date which is the number of Business Days specified in the applicable Final Terms after the Auction Final Price Determination Date, or if no such number of Business Days is specified in the applicable Final Terms, eight Business Days after the Auction Final Price Determination Date.

“**Bankruptcy**” means a Reference Entity:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within 30 calendar days of the institution or presentation thereof;
- (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);

- (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 calendar days thereafter; or
- (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has any analogous effect to any of the events specified in clauses (a) to (g) (inclusive).

**“Best Available Information”** means:

- (i) in the case of a Reference Entity which files information with its primary securities regulator or primary stock exchange that includes unconsolidated pro forma financial information which assumes that the relevant Succession Event has occurred or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated pro forma financial information and, if provided subsequently to the provision of unconsolidated pro forma financial information but before the Calculation Agent makes its determination for the purposes of the definition of “Successor”, other relevant information that is contained in any written communication provided by the Reference Entity to its primary securities regulator, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or
- (ii) in the case of a Reference Entity which does not file with its primary securities regulators or primary stock exchange, or which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (i) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of the definition of “Successor”.

Information which is made available more than 14 calendar days after the legally effective date of the Succession Event shall not constitute “Best Available Information”.

**“Cancellation Notice”** means:

- (i) a notice given by the Calculation Agent to the Issuer upon making a determination in respect of a Reference Entity that:
  - (a) no Credit Event or (if Grace Period Extension Date is applicable) Potential Failure to Pay or (if Potential Repudiation/Moratorium is applicable) Potential Repudiation/ Moratorium has occurred on or prior to the Scheduled Maturity Notice Date or the Scheduled Exercise Date (as applicable);
  - (b) if a Potential Failure to Pay has occurred on or prior to the Scheduled Maturity Notice Date or the Scheduled Exercise Date (as applicable), promptly upon making a determination that no Failure to Pay has occurred with respect to the relevant obligation; or
  - (c) if a Potential Repudiation/Moratorium has occurred on or prior to the Scheduled Maturity Notice Date or the Scheduled Exercise Date (as applicable), promptly upon making a determination that no Repudiation/Moratorium has occurred with

respect to the relevant obligation (such determination being made prior to the Repudiation/ Moratorium Evaluation Date); or

- (ii) if a Convened DC resolves that a Credit Event of the type referenced in the relevant DC Question has not occurred, in which case a Cancellation Notice shall be deemed to be given by the Calculation Agent to the Issuer and the Conditions shall be construed accordingly (provided that if “Calculation Agent Determination” is specified as being applicable in the applicable Final Terms, no Cancellation Notice shall be deemed to be given unless the Calculation Agent notifies the Issuer that such DC Resolution shall apply to the relevant Notes).

“**CLC Exercise Date**” means the later of:

- (a) the Actual Exercise Date; or
- (b) where the Calculation Agent delivers an Extension Notice to the Issuer on or prior to the Actual Exercise Date, the first to occur of:
  - (i) the date falling 15 Business Days (or such other date as may be specified in the applicable Final Terms) after the expiry of the Notice Delivery Period (and only where the Conditions to Settlement have not been satisfied during such period);
  - (ii) if a Credit Event Resolution Request Date has occurred on or prior to the expiry of the Notice Delivery Period in relation to a Reference Entity and unless otherwise elected by the Issuer by written notice to the Holders, the date falling 15 Business Days (or such other date as may be specified in the applicable Final Terms) following any date on which the Credit Derivatives Determinations Committee Resolves that the relevant event does not constitute a Credit Event, or Resolves not to make such determination (provided that if “Calculation Agent Determination” is specified as being applicable in the applicable Final Terms, this sub-paragraph (ii) shall not apply to the relevant Notes unless the Calculation Agent notifies the Issuer that such DC Resolution shall apply to the relevant Credit Linked Notes); or
  - (iii) three Business Days following the date the Cancellation Notice is delivered by the Calculation Agent to the Issuer.

“**CLN Maturity Date**” means the later of:

- (a) the Scheduled Maturity Date; or
- (b) where the Calculation Agent delivers an Extension Notice to the Issuer on or prior to the Scheduled Maturity Date:
  - (i) the date falling 15 Business Days (or such other date as may be specified in the applicable Final Terms) after the expiry of the Notice Delivery Period (and only where the Conditions to Settlement have not been satisfied during such period);
  - (ii) if a Credit Event Resolution Request Date has occurred on or prior to the expiry of the Notice Delivery Period in relation to a Reference Entity and unless otherwise elected by the Issuer by written notice to the Holders, the date falling 15 Business Days (or such other date as may be specified in the applicable Final Terms) following any date on which the Credit Derivatives Determinations Committee Resolves that the relevant event does not constitute a Credit Event, or Resolves not to make such determination (provided that if “Calculation Agent Determination” is specified as being applicable in the applicable Final Terms, this sub-paragraph (ii) shall not apply to the relevant Notes unless the Calculation

Agent notifies the Issuer that such DC Resolution shall apply to the relevant Credit Linked Notes); or

- (iii) three Business Days following the date the Cancellation Notice is delivered by the Calculation Agent to the Issuer.

**“Conditionally Transferable Obligation”** means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, provided, however, that a Deliverable Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Deliverable Obligation other than Bonds (or the consent of the relevant obligor if a Reference Entity is guaranteeing such Deliverable Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Deliverable Obligation provide that such consent may not be unreasonably withheld or delayed.

Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition of “Conditionally Transferable Obligation”. In addition: (a) where “Physical Settlement” is specified as the Settlement Method in the related Confirmation (or where Physical Settlement is applicable as the Fallback Settlement Method pursuant to a Fallback Settlement Event), Modified Restructuring Maturity Limitation is applicable (or deemed applicable) under the applicable Final Terms and a Deliverable Obligation is a Conditionally Transferable Obligation with respect to which consent is required to novate, assign or transfer, then if the requisite consent is refused (whether or not a reason is given for such refusal and, where a reason is given for such refusal, regardless of that reason), or is not received by the Final Delivery Date (in which case it shall be deemed to have been refused), the Issuer shall promptly notify the Holders of such refusal (or deemed refusal) and may redeem the Notes in accordance with Credit Linked Condition 9 as if such obligation were an Undeliverable Obligation; and (b) for purposes of determining whether a Deliverable Obligation satisfies the requirements of the definition of Conditionally Transferable Obligation, such determination shall be made as of the Delivery Date for the Deliverable Obligation, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by the Issuer.

**“Conditions to Settlement”** shall be deemed to be satisfied by the occurrence of an Event Determination Date provide that where “Calculation Agent Determination” is not applicable, no DC No Credit Event Announcement has occurred prior to the Auction Final Price Determination Date, a Valuation Date, the Credit Settlement Date (or, if earlier, a Delivery Date), the Scheduled Maturity Notice Date or the Scheduled Exercise Date, as applicable (or if an Extension Notice has been delivered to the Issuer, the dates specified in sub-paragraphs (i) to (iii) of the definitions of “CLC Exercise Date” and “CLN Maturity Date”, as applicable).

Where the Notes are Nth-to-Default Notes and the Conditions to Settlement are satisfied with respect to more than one Reference Entity on the same day, the Calculation Agent shall determine in its sole discretion the order in which such Conditions to Settlement were satisfied.

**“Convened DC”** has the meaning given to that term in the Rules.

**“Convertible Obligation”** means any obligation that is convertible, in whole or in part, into Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).



**“Credit Cut-off Date”** means the day falling 10 Business Days following the receipt by the Holders of the relevant Notice of Physical Settlement or such other Credit Cut-off Date as is specified in the applicable Final Terms.

**“Credit Derivatives Auction Settlement Terms”** means in relation to any Reference Entity, the credit derivatives auction settlement terms published by ISDA, in accordance with the Rules, with respect to the relevant Reference Entity and the relevant Credit Event, which may be amended in accordance with the Rules from time to time.

**“Credit Derivatives Definitions”** means the 2003 ISDA Credit Derivatives Definitions as supplemented by (i) the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions; and (ii) the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions, each as published by ISDA.

**“Credit Derivatives Determinations Committees”** means the committees established by ISDA for purposes of reaching certain DC Resolutions in connection with credit derivative transactions traded in the over the counter market, as more fully described in the Rules.

**“Credit Event”** means the occurrence of any one or more of the Credit Events specified in the applicable Final Terms which may include Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium, Restructuring, or any additional Credit Event specified in the applicable Final Terms, as determined by the Calculation Agent.

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

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

**“Credit Event Backstop Date”** means (a) for purposes of any DC Resolution by the relevant Credit Derivatives Determinations Committee as to whether an event that constitutes a Credit Event (or with respect to Repudiation/Moratorium, the event described in sub-paragraph (b) of the definition of Repudiation/Moratorium) has occurred with respect to the relevant Reference Entity or Obligation thereof, the date that is 60 calendar days prior to the Credit Event Resolution Request Date or (b) otherwise, the date that is 60 calendar days prior to the earlier of (i) the first date on which both the Credit Event Notice and, if Notice of Publicly Available Information is specified as a Condition to Settlement, the Notice of Publicly Available Information or Officer’s Certificate are delivered by the Calculation Agent to the Issuer and are effective during the Notice Delivery Period and (ii) in circumstances where (A) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of Credit Event Resolution Request Date are satisfied in accordance with the Rules, (B) the relevant Credit Derivatives Determinations Committee has Resolved not to

determine such matters and (C) the Credit Event Notice and the Notice of Publicly Available Information or Officer's Certificate are delivered by the Calculation Agent to the Issuer and are effective not more than 15 Business Days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Credit Event Resolution Request Date. The Credit Event Backstop Date shall not be subject to adjustment unless otherwise provided for in the applicable Final Terms.

**“Credit Event Notice”** means an irrevocable notice from the Calculation Agent to the Issuer that describes a Credit Event that occurred on or after the Credit Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) or (where “Calculation Agent Determination” is specified as being applicable in the applicable Final Terms) the Credit Observation Start Date specified in the Final Terms (or if none is so specified, the date falling 60 calendar days prior to the Trade Date) and on or prior to the Extension Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)).

A Credit Event Notice must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is effective.

**“Credit Event Redemption Amount”** means the amount specified as such in the applicable Final Terms or if no such amount is specified in the applicable Final Terms, an amount calculated by the Calculation Agent equal to:

$$(A \times B) - C$$

where:

A is the Calculation Amount;

B is the Final Price; and

C is Unwind Costs,

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

**“Credit Event Redemption Date”** means the day falling the number of Business Days specified in the applicable Final Terms after the calculation of the Final Price, or if no such number of Business Days is specified in the applicable Final Terms, eight Business Days after the Final Price is determined.

**“Credit Event Resolution Request Date”** means, with respect to a notice to ISDA, delivered in accordance with the ISDA Credit Derivatives Determinations Committee Rules, requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

- (a) whether an event that constitutes a Credit Event has occurred with respect to the relevant Reference Entity or Obligation thereof; and
- (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, the date of the occurrence of such event, the date, as publicly announced by ISDA to be the date that the relevant Credit Derivatives Determinations Committee Resolves to be the first date on which such notice was effective and on which the relevant Credit Derivatives Determinations Committee was in possession, in accordance with the Rules, of Publicly Available Information with respect to the DC Resolutions referred to in sub-clauses (a) and (b) above.

**“Credit Observation Start Date”** means the date described as such in the applicable Final Terms or if no date is so specified, the date falling 60 calendar days prior to the Trade Date.

**“Credit Settlement Date”** means the last day of the longest Physical Settlement Period following the date the Notice of Physical Settlement is delivered by the Calculation Agent to the Issuer (the “Scheduled Credit Settlement Date”) provided that if in the determination of the Calculation Agent (acting in its sole discretion) a Hedge Disruption Event has occurred and is continuing on the second Business Day immediately preceding the Scheduled Credit Settlement Date, the Credit Settlement Date shall be the earlier of (i) the second Business Day following the date on which the Calculation Agent determines (acting in its sole discretion) that no Hedge Disruption Event subsists and (ii) the day falling 60 Business Days following the Scheduled Credit Settlement Date.

**“Currency Amount”** means with respect to (a) a Deliverable Obligation specified in a Notice of Physical Settlement that is denominated in a currency other than the Settlement Currency, an amount converted to the relevant Settlement Currency using a conversion rate determined by reference to the Currency Rate and (b) a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, an amount converted to the Settlement Currency (or, if applicable, back into the Settlement Currency) using a conversion rate determined by reference to the Currency Rate, if any, and each Revised Currency Rate used to convert the outstanding Amount of each Deliverable Obligation so replaced by a NOPS Amendment Notice into the currency of denomination of the relevant Replacement Deliverable Obligation.

**“Currency Rate”** means with respect to (a) a Deliverable Obligation specified in the Notice of Physical Settlement, the rate of conversion between the Settlement Currency and the currency in which the Outstanding Amount of such Deliverable Obligation is denominated that is either (i) determined by reference to the Currency Rate Source as at the Next Currency Fixing Time or (ii) if such rate is not available at such time, determined by the Calculation Agent and (b) a Replacement Deliverable Obligation specified in a NOPS Amendment Notice, the Revised Currency Rate.

**“Currency Rate Source”** means the mid-point rate of conversion published by WM/Reuters at 4:00 p.m. (London time), or any successor rate source approved by the relevant Credit Derivatives Determinations Committee.

**“DC Credit Event Announcement”** means with respect to a Reference Entity, a public announcement by ISDA that the relevant Credit Derivatives Determinations Committee has Resolved that (a) an event that constitutes a Credit Event has occurred with respect to such Reference Entity (or an Obligation thereof) and (b) such event occurred on or after the Credit Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and on or prior to the Extension Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)). A DC Credit Event Announcement will be deemed not to have occurred unless (i) the Credit Event Resolution Request Date with respect to such Credit Event occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date); (ii) the Trade Date occurs on or prior to the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable; and (iii) (if “Calculation Agent Determination” is specified as being applicable in the applicable Final Terms) the Calculation Agent has notified the Issuer that such announcement shall apply to the relevant Notes.

**“DC No Credit Event Announcement”** means, with respect to a Reference Entity, a public announcement by ISDA that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, that the event that is the subject of the notice to ISDA resulting in the occurrence of such Credit Event Resolution Request Date does not constitute a Credit Event with respect to such Reference Entity (or an Obligation thereof) provided that if “Calculation Agent Determination” is specified as being applicable in the

applicable Final Terms, a DC No Credit Event Announcement shall be deemed not to have occurred unless the Calculation Agent notifies the Issuer that such announcement shall apply to the relevant Notes.

“**DC Question**” has the meaning given to that term in the Rules.

“**DC Resolution**” has the meaning given to that term in the Rules.

“**Default Requirement**” means the amount specified as such in the applicable Final Terms or its equivalent in the relevant Obligation Currency or, if a Default Requirement is not specified in the applicable Final Terms, US\$10,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Credit Event.

“**Deliver**” means to deliver, novate, transfer (including, in the case of a Qualifying Guarantee, transfer of the benefit of the Qualifying Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title and interest in the Entitlement to the relevant Holder free and clear of any and all liens, charges, claims or encumbrances (including without limitation any counterclaim, defence (other than a counterclaim or defence based on the factors set out in (a) to (d) in the definition of “Credit Event” above or right of set-off by or of the Reference Entity or, as applicable, an Underlying Obligor) provided that if all or a portion of the Entitlement consists of Direct Loan Participations, “Deliver” means to create (or procure the creation of) a participation in favour of the relevant Holder and to the extent that the Deliverable Obligations consist of Qualifying Guarantees, “Deliver” means to Deliver both the Qualifying Guarantee and the Underlying Obligation. “Delivery” and “Delivered” will be construed accordingly.

In the case of a Loan, Delivery shall be effected using documentation substantially in the form of the documentation customarily used in the relevant market for Delivery of such Loan at that time. Notwithstanding the previous sentence, in the case of a Loan, Delivery may be effected using the provisions of any documentation (which term shall be deemed to include any market advisory that the relevant Credit Derivatives Determinations Committee Resolves to approve or the Calculation Agent determines is appropriate for such purpose) that the relevant Credit Derivatives Determinations Committee Resolves or the Calculation Agent determines constitutes documentation customarily used in the relevant market for Delivery of such Loan at that time, as such documentation may be amended to the extent the relevant Credit Derivatives Determinations Committee Resolves or the Calculation Agent determines is appropriate. Notwithstanding the previous sentence, in the case of a Loan, the Issuer shall be under no obligation to Deliver such Loan or designate a Replacement Deliverable Obligation to a Holder unless the relevant Holder executes, and/or complies with the provisions of any documentation (which term shall be deemed to include any market advisory that the relevant Credit Derivatives Determinations Committee Resolves to approve or the Calculation Agent determines is appropriate for such purpose) that the relevant Credit Derivatives Determinations Committee Resolves or the Calculation Agent determines constitutes documentation customarily used in the relevant market for Delivery of such Loan at that time, as such documentation may be amended to the extent the relevant Credit Derivatives Determinations Committee Resolves or the Calculation Agent determines is appropriate. If any Holder does not execute and/or does not comply with the provisions of such documentation, the Issuer shall redeem the relevant proportion of the Notes in accordance with Credit Linked Condition 9.

“**Deliverable Obligation**” means, subject as provided in Credit Linked Condition 5:

- (a) any obligation of a Reference Entity (either directly, as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) determined pursuant to the method described in “(A) Method for Determining Deliverable Obligations” below (but excluding any

Excluded Deliverable Obligation specified in the applicable Final Terms) that (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (a) to (d) of the definition of “Credit Event” above) or right of set-off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the date on which the Notice of Physical Settlement is deemed given, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;

- (b) subject to the second paragraph of the definition of “Not Contingent” in “(A) Method for Determining Deliverable Obligations” below, each Reference Obligation, unless specified in the applicable Final Terms as an Excluded Deliverable Obligation;
- (c) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Deliverable Obligation (but excluding any Excluded Deliverable Obligation) that (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (a)-(d) of the definition of “Credit Event” above) or right of set-off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the date on which the Notice of Physical Settlement is deemed given, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Outstanding Principal Balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and
- (d) any Additional Deliverable Obligation of a Reference Entity specified as such in the applicable Final Terms.
- (A) Method for Determining Deliverable Obligations. For the purposes of this definition of “**Deliverable Obligation**”, the term “**Deliverable Obligation**” may be defined as each obligation of each Reference Entity described by the Deliverable Obligation Category specified (or deemed to be specified) in the applicable Final Terms, and, subject to (B)(3) below, having each of the Deliverable Obligation Characteristics, if any, specified (or deemed to be specified) in the applicable Final Terms, in each case, as of the Delivery Date thereof.

The following terms shall have the following meanings:

- (1) “**Deliverable Obligation Category**” means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan (each as defined in the definition of “Obligation” below, except that, for the purpose of determining Deliverable Obligations, the definition of “Reference Obligations Only” shall be amended to state that no Deliverable Obligation Characteristics shall be applicable to Reference Obligations Only).
- (2) “**Deliverable Obligation Characteristics**” means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Domestic Issuance (each as defined in the definition of “Obligation” below), Not Contingent, Assignable Loan, Consent

Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer where:

- (i) “Not Contingent” means any obligation having as of the Delivery Date and all times thereafter an Outstanding Principal Balance or, in the case of obligations that are not Borrowed Money, a Due and Payable Amount, that pursuant to the terms of such obligation may not be reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). A Convertible Obligation, an Exchangeable Obligation and an Accreting Obligation shall constitute Deliverable Obligations that are Not Contingent if such Deliverable Obligation otherwise meets the requirements of the preceding sentence so long as, in the case of a Convertible Obligation or an Exchangeable Obligation, the right (x) to convert or exchange such obligation or (y) to require the issuer to purchase or redeem such obligation (if the issuer has exercised or may exercise the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Date.
- (ii) If a Reference Obligation is a Convertible Obligation or an Exchangeable Obligation, then such Reference Obligation may be included as a Deliverable Obligation only if the rights referred to in clauses (x) and (y) of the preceding paragraph have not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Date;
- (iii) “**Assignable Loan**” means a Loan that is capable of being assigned or novated to, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction or organization) that are not then a lender or a member of the relevant lending syndicate, without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if a Reference Entity is guaranteeing such Loan) or any agent; (iii) “Consent Required Loan” means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such loan) or any agent;
- (iv) “**Direct Loan Participation**” means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of, a contractual right in favour of each Holder that provides each Holder with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between each Holder and either (A) the Issuer (to the extent that the Issuer is then a lender or a member of the relevant lending syndicate), or (B) a Qualifying Participation Seller (if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);
- (v) “**Transferable**” means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction, provided that none of the following shall be considered contractual, statutory or regulatory restrictions:

- (a) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or
- (b) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds;
- (vi) “**Maximum Maturity**” means an obligation that has a remaining maturity from the Settlement Date of not greater than the period specified in the applicable Final Terms;
- (vii) “**Accelerated or Matured**” means an obligation under which the total amount owed, whether at maturity, by reason of acceleration, upon termination or otherwise (other than amounts in respect of default interest, indemnities, tax gross-ups and other similar amounts), is, or on or prior to the Delivery Date will be, due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws; and
- (viii) “**Not Bearer**” means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via Euroclear, Clearstream, Luxembourg or any other internationally recognized clearing system.

(B) Interpretation of Provisions

- (1) If the Obligation Characteristic “**Listed**” is specified in the applicable Final Terms, the Final Terms shall be construed as though Listed had been specified as an Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Obligation Category;
- (2) if (i) either of the Deliverable Obligation Characteristics “**Listed**” or “**Not Bearer**” is specified in the applicable Final Terms, the Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Bonds and shall only be relevant if Bonds are covered by the selected Deliverable Obligation Category; (ii) the Deliverable Obligation Characteristic “**Transferable**” is specified in the applicable Final Terms, the Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Deliverable Obligations that are not Loans (and shall only be relevant to the extent that obligations other than Loans are covered by the selected Deliverable Obligation Category); or (iii) any of the Deliverable Obligation Characteristics “**Assignable Loan**”, “**Consent Required Loan**” or “**Direct Loan Participation**” is specified in the applicable Final Terms, the Final Terms shall be construed as though such Deliverable Obligation Characteristic had been specified as a Deliverable Obligation Characteristic only with respect to Loans and shall only be relevant if Loans are covered by the selected Deliverable Obligation Category;
- (3) if any of Payment, Borrowed Money, Loan or Bond or Loan is specified as the Deliverable Obligation Category and more than one of Assignable Loan, Consent

Required Loan and Direct Loan Participation are specified as Deliverable Obligation Characteristics, the Deliverable Obligations may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics; and

- (4) in the event that an Obligation or a Deliverable Obligation is a Qualifying Guarantee, the following will apply:
- (a) For purposes of the application of the Obligation Category or the Deliverable Obligation Category, the Qualifying Guarantee shall be deemed to be described by the same category or categories as those that describe the Underlying Obligation.
  - (b) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, both the Qualifying Guarantee and the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms from the following list: Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency and Not Domestic Law.

For these purposes, unless otherwise specified in the applicable Final Terms,

- (A) the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro shall not be a Domestic Currency and
  - (B) the laws of England and the laws of the State of New York shall not be a Domestic Law.
- (c) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics, only the Underlying Obligation must satisfy on the relevant date each of the applicable Obligation Characteristics or the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms from the following list: Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer.
  - (d) For purposes of the application of the Obligation Characteristics or the Deliverable Obligation Characteristics to an Underlying Obligation, references to the Reference Entity shall be deemed to refer to the Underlying Obligor.
  - (e) The terms “Outstanding Principal Balance” and “Due and Payable Amount” (as they are used in the Terms and Conditions, including without limitation, the definitions of “Partial Cash Settlement Amount” and “Quotation Amount” in Credit Linked Condition 9, when used in connection with Qualifying Guarantees are to be interpreted to be the then “Outstanding Principal Balance” or “Due and Payable Amount”, as applicable, of the Underlying Obligation which is supported by a Qualifying Guarantee.

For the avoidance of doubt the provisions of this paragraph (B) apply in respect of the definitions of Obligation and Deliverable Obligation as the context admits.



“**Delivery Date**” means, with respect to a Deliverable Obligation, the date such Deliverable Obligation is Delivered.

“**Domestic Currency**” means the currency specified as such in the applicable Final Terms and any successor currency. If no currency is specified in the applicable Final Terms, the Domestic Currency shall be the lawful currency and any successor currency of (a) the relevant Reference Entity, if the Reference Entity is a Sovereign, or (b) the jurisdiction in which the relevant Reference Entity is organized, if the Reference Entity is not a Sovereign. In no event shall Domestic Currency include any successor currency if such successor currency is the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro (or any successor currency to any such currency).

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

“**Due and Payable Amount**” means, subject as provided in sub-paragraph (4)(e) of paragraph (B) (Interpretation of Provisions) in the definition of “Deliverable Obligation”, the amount that is due and payable under (and in accordance with the terms of) a Deliverable Obligation on the Delivery Date, whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts).

“**Eligible Transferee**” means each of the following:

- (a)
  - (i) any bank or other financial institution;
  - (ii) an insurance or reinsurance company;
  - (iii) a mutual fund, unit trust or similar collective investment vehicle (other than an entity specified in sub-paragraph (c)(i) below); and
  - (iv) a registered or licensed broker or dealer (other than a natural person or proprietorship), provided, however, in each case that such entity has total assets of at least US\$500 million;
- (b) an Affiliate of an entity specified in the preceding sub-paragraph (a);
- (c) each of a corporation, partnership, proprietorship, organization, trust or other entity:
  - (i) that is an investment vehicle (including, without limitation, any hedge fund, issuer of collateralized debt obligations, commercial paper conduit or other special purpose vehicle) that (1) has total assets of at least US\$100 million or (2) is one of a group of investment vehicles under common control or management having, in the aggregate, total assets of at least US\$100 million; or (ii) that has total assets of at least US\$500 million; or (iii) the obligations of which under an agreement, contract or transaction are guaranteed or otherwise supported by a letter of credit or keepwell, support, or other agreement by an entity described in sub-paragraphs (a), (b), (c)(ii) or (d); and
  - (ii) a Sovereign, Sovereign Agency or Supranational Organization.

All references in this definition to US\$ include equivalent amounts in other currencies; “Enabling Obligation” means an outstanding Deliverable Obligation that (i) is a Fully Transferable Obligation or a Conditionally Transferable Obligation, as applicable, and (ii) has a final maturity date occurring on or prior to the Scheduled Maturity Notice Date or the Scheduled Exercise Date, as applicable, and following the Limitation Date immediately preceding the Scheduled Maturity Notice Date or the Scheduled Exercise Date, as applicable (or, in circumstances where the

Scheduled Maturity Notice Date or the Scheduled Exercise Date, as applicable occurs prior to the 2.5-year Limitation Date, following the final maturity date of the Latest Maturity Restructured Bond or Loan, if any).

**“Entitlement”** means, in respect of each nominal amount of Credit Linked Notes equal to the Calculation Amount, Deliverable Obligations, as selected by the Calculation Agent in its sole and absolute discretion, with:

- (i) in the case of Deliverable Obligations that are Borrowed Money, an Outstanding Principal Balance (including accrued but unpaid interest (as determined by the Calculation Agent) if “Include Accrued Interest” is specified as applying in the applicable Final Terms, but excluding accrued but unpaid interest if “Exclude Accrued Interest” is specified as applying in the applicable Final Terms, and if neither “Include Accrued Interest” nor “Exclude Accrued Interest” is specified as applying in the applicable Final Terms, excluding accrued but unpaid interest); or
- (ii) in the case of Deliverable Obligations that are not Borrowed Money, a Due and Payable Amount, (or, in the case of either (i) or (ii), the equivalent Currency Amount of any such amount), in an aggregate amount as of the relevant Delivery Date equal to the Calculation Amount less Deliverable Obligations with a market value determined by the Calculation Agent in its sole and absolute discretion on the Business Day selected by the Calculation Agent falling during the period from and including the Event Determination Date to and including the Delivery Date equal to the relevant amount of Unwind Costs, if Unwind Costs are specified as applicable in the applicable Final Terms.

If an obligation by its terms represents or contemplates an obligation to pay an amount greater than the Outstanding Principal Balance of such obligation as of the Delivery Date as a result of the occurrence or non-occurrence of an event or circumstance, the Outstanding Principal Balance of such obligation shall not include any additional amount that would be payable upon the occurrence or non-occurrence of such event or circumstance.

**“Equity Securities”** means:

- (a) in the case of a Convertible Obligation, equity securities (including options and warrants) of the issuer of such obligation or depositary receipts representing equity securities of the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time; and
- (b) in the case of an Exchangeable Obligation, equity securities (including options and warrants) of a person other than the issuer of such obligation or depositary receipts representing those equity securities of a person other than the issuer of such obligation together with any other property distributed to or made available to holders of those equity securities from time to time;

**“Event Determination Date”** means, in respect of any Credit Event:

- (a) if either (x), subject to (b) below, “Calculation Agent Determination” is specified as being applicable in the applicable Final Terms or (y) no DC Credit Event Announcement and/or DC No Credit Event Announcement has occurred, the first date on which both the (A) the Credit Event Notice and (B) either a Notice of Publicly Available Information or an Officer’s Certificate are delivered by the Calculation Agent to the Issuer and are effective during (I) the Notice Delivery Period or (II) the period from, and including, the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters described in sub-paragraphs (a) and (b) of the definition of “Credit Event Resolution Request Date” to the date which is 15 Business Days thereafter (provided that the relevant Credit Event Resolution Request

Date occurred on or prior to the end of the last day of the Notice Delivery Period (including prior to the Trade Date)); or

- (b) if (A) (x) “Calculation Agent Determination” is not specified as being applicable in the Final Terms or (y) “Calculation Agent Determination” is specified as being applicable in the Final Terms but the Calculation Agent notifies the Issuer that this sub-paragraph (b) shall apply to the relevant Notes and (B) a DC Credit Event Announcement has occurred, the Credit Event Resolution Request Date, provided that if the relevant Credit Event is a Restructuring, the Event Determination Date shall be the Credit Event Resolution Request Date only if the Calculation Agent has delivered a Credit Event Notice to the Issuer on or prior to the Exercise Cut-off Date provided further that:
- (i) no Credit Settlement Date has occurred on or prior to the date on which the DC Credit Event Announcement occurs;
  - (ii) if any Valuation Date or Delivery Date, as applicable, has occurred as of the date on which the DC Credit Event Announcement occurs, an Event Determination Date shall be deemed to have occurred only with respect to the portion of the outstanding principal amount, if any, with respect to which no Valuation Date or Delivery Date, as applicable, has occurred;
  - (iii) no Credit Event Notice specifying a Restructuring as the only Credit Event has been delivered by the Issuer to the Holders (x) unless the Restructuring stated in such Credit Event Notice is also the subject of the notice to ISDA resulting in the occurrence of the Credit Event Resolution Request Date or (y) unless, and to the extent that, the Partial Redemption Amount or the Partial Cancellation Amount (as applicable) specified in any such Credit Event Notice was less than the then outstanding principal amount; and
  - (iv) no Event Determination Date will occur, and any Event Determination Date previously determined with respect to an event shall be deemed not to have occurred, if, or to the extent that, a DC No Credit Event Announcement in respect of the relevant Reference Entity and Credit Event occurs prior to the Auction Final Price Determination Date, a Valuation Date, the Credit Settlement Date (or, if earlier, a Delivery Date), or the CLN Maturity Date or CLC Exercise Date, as applicable.

If, in accordance with the provisions above, (x) following the determination of an Event Determination Date, such Event Determination Date is deemed (A) to have occurred on a date that is different from the date that was originally determined to be the Event Determination Date or (B) not to have occurred, the Calculation Agent will determine in its sole discretion (i) the adjustment payment, if any, that is payable to reflect any change that may be necessary to the amounts or the Entitlement, as applicable, previously calculated and/or paid or delivered, as applicable under the Notes, (ii) the date on which such adjustment payment is payable, if any, and (iii) whether the Issuer is required to make such adjustment payment. For the avoidance of doubt, no accruals of interest shall be taken into account when calculating any such adjustment payment.

“**Exercise Cut-off Date**” means, in respect of a Reference Entity and a Credit Event, the first to occur of:

- (a) the Auction Final Price Determination Date;
- (b) the Auction Cancellation Date; or
- (c) a No Auction Announcement Date,

each in respect of such Reference Entity and Credit Event.

**“Exchangeable Obligation”** means any obligation that is exchangeable, in whole or in part, for Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation).

**“Excluded Deliverable Obligation”** means any obligation of a Reference Entity specified as such or of a type described in the applicable Final Terms.

**“Excluded Obligation”** means any obligation of a Reference Entity specified as such or of a type described as such in the applicable Final Terms.

**“Extension Date”** means the latest of:

- (a) the Scheduled Maturity Date;
- (b) the Grace Period Extension Date: if (i) Grace Period Extension is specified (or deemed specified) to apply in the applicable Final Terms, (ii) the Credit Event that is the subject of the Credit Event Notice or Credit Event Resolution Request Date, as applicable, is a Failure to Pay that occurs after the Scheduled Maturity Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and (iii) the Potential Failure to Pay with respect to such Failure to Pay occurs on or prior to the Scheduled Maturity Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)); and
- (c) the Repudiation/Moratorium Evaluation Date: if (i) the Credit Event that is the subject of the Credit Event Notice or Credit Event Resolution Request Date, as applicable, is a Repudiation/Moratorium for which a Failure to Pay (determined without regard to the Payment Requirement) or a Restructuring (determined without regard to the Default Requirement) occurs after the Scheduled Maturity Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)), (ii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Notice Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and (iii) the Repudiation/Moratorium Extension Condition is satisfied.

**“Extension Notice”** means a notice from the Calculation Agent to the Issuer on or prior to the Actual Exercise Date or Scheduled Maturity Date (as applicable) giving notice of the following in relation to a Reference Entity:

- (i) without prejudice to sub-paragraphs (iii) and (iv) below, that a Credit Event has occurred or may occur on or prior to the Scheduled Maturity Notice Date; or
- (ii) without prejudice to sub-paragraph (iii) and (iv) below, that a Credit Event Resolution Request Date has occurred or may occur on or prior to the last day of the longest Notice Delivery Period; or
- (iii) that a Potential Failure to Pay has occurred or may occur on or prior to the Scheduled Maturity Notice Date; or
- (iv) that a Potential Repudiation/Moratorium has occurred or may occur on or prior to the Scheduled Maturity Notice Date. For the purposes of this subparagraph (iv), the giving of a Repudiation/Moratorium Extension Notice on or prior to the Scheduled Maturity Notice

Date shall be deemed to satisfy the requirement to give notice under this definition of “Extension Notice”. However, the giving of an Extension Notice in accordance with this sub-paragraph (iv) shall not in any way preclude the subsequent giving of a Repudiation/Moratorium Extension Notice so long as the Repudiation/Moratorium Extension Condition is satisfied.

“**Failure to Pay**” means after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations in accordance with the terms of such Obligations at the time of such failure.

“**Fallback Settlement Event**” means any of the following

- (a) an Auction Cancellation Date occurs;
- (b) a No Auction Announcement Date occurs and in circumstances where such No Auction Announcement Date occurs pursuant to sub-paragraph (b) of the definition of “No Auction Announcement Date”, a Notice to Exercise Movement Option has not been delivered by the Issuer to the Holders on or prior to the Auction Final Price Determination Date;
- (c) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved, following a Credit Event Resolution Request Date, not to determine whether or not an event constitutes a Credit Event;
- (d) an Event Determination Date has occurred pursuant to sub-paragraph (a) of the definition of “Event Determination Date”, and no Credit Event Request Resolution Date has occurred within three Business Days of such Event Determination Date; or
- (e) an Event Determination Date has occurred pursuant to sub-paragraph (c) of the definition of “Event Determination Date”. “Fallback Settlement Method” means the fallback settlement method specified (or deemed specified) in the applicable Final Terms.

“**Final Delivery Date**” has the meaning given to it in Physical Delivery Note Condition 6.

“**Final Price**” means the price of the Reference Obligation, expressed as a percentage, determined in accordance with the Valuation Method specified in the applicable Final Terms. The Calculation Agent shall, upon written request by a Holder to the Issuer and the Calculation Agent, make available for inspection by such Holder at the specified office of the Fiscal Agent (i) a list showing the Quotation that it receives in connection with the calculation of the Final Price and (ii) a written computation showing its calculation of the Final Price as soon as practicable after obtaining all Quotations for a Valuation Date. For the avoidance of doubt, the Issuer shall not be required to identify the Quotation Dealer, from whom the Quotations have been obtained.

“**Full Quotation**” means, in accordance with the Quotation Method each firm quotation obtained from a Quotation Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation with an Outstanding Principal Balance equal to the Quotation Amount.

“**Fully Transferable Obligation**” means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required in the case of any Deliverable Obligation other than Bonds.

Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered as a requirement for consent for purposes of this

definition of “Fully Transferable Obligation”. For purposes of determining whether a Deliverable Obligation satisfies the requirements of this definition of “Fully Transferable Obligation”, such determination shall be made as of the Delivery Date for the relevant Deliverable Obligation, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by the Issuer.

“**Governmental Authority**” means any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of organization of a Reference Entity.

“**Grace Period**” means, subject to sub-clause (i) and (ii) below, the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect as of the date as of which such Obligation is issued or incurred, provided that (i) if Grace Period Extension is specified in the Final Terms as applicable, a Potential Failure to Pay has occurred on or prior to the Scheduled Maturity Notice Date or the Scheduled Exercise Date as applicable (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) and the applicable grace period cannot, by its terms, expire on or prior to the Scheduled Maturity Notice Date or the Scheduled Exercise Date as applicable (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)), the Grace Period shall be deemed to be the lesser of such grace period and the period specified as such in the Final Terms or, if no period is specified, 30 calendar days; and (ii) if, as of the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than 3 Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of 3 Grace Period Business Days shall be deemed to apply to such Obligation; provided that, unless Grace Period Extension is specified (or deemed specified) as applicable in the Final Terms, such deemed Grace Period shall expire no later than the Scheduled Maturity Notice Date or the Scheduled Exercise Date as applicable.

“**Grace Period Business Day**” means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation and if a place or places are not so specified, in the jurisdiction of the Obligation Currency.

“**Grace Period Extension Date**” means, if (a) Grace Period Extension is specified as applicable in the Final Terms and (b) a Potential Failure to Pay occurs on or prior to the Scheduled Maturity Notice Date or the Scheduled Exercise Date as applicable (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)), the date that is the number of days in the Grace Period after the date of such Potential Failure to Pay. If Grace Period Extension is not specified (or deemed specified) as applicable in the Final Terms, Grace Period Extension shall not apply.

“**Hedge Disruption Event**” means in the opinion of the Calculation Agent any event as a result of which the Issuer and/or any of its Affiliates and/or its agents has not received or is unable to receive (for any reason) the relevant Deliverable Obligations under the terms of any Hedge Transaction.

“**Hedge Disruption Obligation**” means a Deliverable Obligation included in the Entitlement which, on the Delivery Date for such Deliverable Obligation, the Calculation Agent determines in its sole and absolute discretion cannot be Delivered as a result of a Hedge Disruption Event.

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

“**ISDA**” means International Swaps and Derivatives Association, Inc.

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

“**Limitation Date**” means the first of March 20, June 20, September 20 or December 20 in any year to occur on or immediately following the date that is one of the following numbers of years after the Restructuring Date: 2.5 years (the “2.5-year Limitation Date”), 5 years (the “5-year Limitation Date”), 7.5 years, 10 years, 12.5 years, 15 years, or 20 years (the “20-year Limitation Date”), as applicable. Limitation Dates shall not be subject to adjustment unless otherwise provided in the applicable Final Terms.

“**Market Value**” means, with respect to a Reference Obligation on a Valuation Date:

- (a) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (b) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded);
- (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations;
- (d) if fewer than two Full Quotations and a Weighted Average Quotation is obtained, such Weighted Average Quotation;
- (e) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, subject as provided in the definition of Quotation, an amount as determined by the Calculation Agent on the next Business Day on which two or more Full Quotations or a Weighted Average Quotation is obtained; and
- (f) if two or more Full Quotations or a Weighted Average Quotation are not obtained on or prior to the tenth Business Day following the applicable Valuation Date, the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.

“**Merger Event**” means that at any time during the period from (and including) the Trade Date to (but excluding) the Scheduled Maturity Notice Date, the Issuer or a Reference Entity (any such entity, the “Mergor”) consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to (i) where the Mergor is the Issuer, a Reference Entity or (ii) where the Mergor is a Reference Entity or the Issuer or the Issuer and a Reference Entity become Affiliates.

“**Minimum Quotation Amount**” means the amount specified as such in the applicable Final Terms (or its equivalent in the relevant Obligation Currency) or, if no amount is so specified, the lower of (a) US\$1,000,000 (or its equivalent in the relevant Obligation Currency) and (b) the Quotation Amount.

“**Modified Eligible Transferee**” means any bank, financial institution or other entity which is regularly engaged in and established for the purpose of making, purchasing or investing in loans, securities and other financial assets.

“**Modified Restructuring Maturity Limitation Date**” means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Notice Date or the Scheduled Exercise Date (as applicable), provided that, in circumstances where the Scheduled Maturity Notice Date or the Scheduled Exercise Date (as applicable) is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. With respect to a Credit Linked Note for which “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the applicable Final Terms and for which the Scheduled Maturity Notice Date or the Scheduled Exercise Date (as applicable) is later than the 2.5-year Limitation Date and prior to the 5-year Limitation Date, a Restructured Bond or Loan will not constitute an Enabling Obligation. Notwithstanding the foregoing, if the Scheduled Maturity Notice Date or the Scheduled Exercise Date (as applicable) is either (i) on or prior to the 2.5-year Limitation Date or (ii) later than the 2.5-year Limitation Date and on or prior to the 5-year Limitation Date and no Enabling Obligation exists, the Modified Restructuring Maturity Limitation Date will be the 5-year Limitation Date in the case of a Restructured Bond or Loan only.

Subject to the foregoing, in the event that the Scheduled Maturity Notice Date or the Scheduled Exercise Date (as applicable) is later than (A) the 2.5-year Limitation Date and no Enabling Obligation exists or (B) the 20-year Limitation Date, the Modified Restructuring Maturity Limitation Date will be the Scheduled Maturity Notice Date or the Scheduled Exercise Date (as applicable).

“**N**” or “**Nth**” means, where the relevant Final Terms specify that “**Nth-to-Default Notes**” is applicable, such number as may be specified in such Final Terms.

“**Nth-to-Default Notes**” means any nth-to-default Credit Linked Notes where the Issuer purchases credit protection from the Holders in respect of two or more Reference Entities on the basis that the Notes will be redeemed in whole following the satisfaction of the Conditions to Settlement in respect of the Nth Reference Entity.

“**Next Currency Fixing Time**” means 4:00 p.m. (London time) on the London Business Day immediately following the date on which the Notice of Physical Settlement or relevant NOPS Amendment Notice, as applicable, is effective.

“**No Auction Announcement Date**” means, with respect to a Credit Event, the date on which ISDA first publicly announces that:

- (a) no Transaction Auction Settlement Terms will be published;
- (b) following the occurrence of a Restructuring and either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified (or deemed specified) in the applicable Final Terms, no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published; or
- (c) the relevant Credit Derivatives Determinations Committee has Resolved that no Auction will be held following a prior public announcement by ISDA to the contrary.

“**NOPS Amendment Notice**” has the meaning given to it in Credit Linked Condition 5.

“**Notice Delivery Period**” means the period from and including the Issue Date to and including the date that is 15 Business Days (or such other number of days as may be specified in the applicable Final Terms) after the Extension Date.



**“Notice of Publicly Available Information”** means an irrevocable notice from the Calculation Agent to the Issuer that cites Publicly Available Information confirming the occurrence of the Credit Event or Potential Repudiation/Moratorium, as applicable, described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. In relation to a Repudiation/Moratorium Credit Event, the Notice of Publicly Available Information must cite Publicly Available Information confirming the occurrence of both clauses (a) and (b) of the definition of Repudiation/Moratorium. The notice given must contain a copy or description in reasonable detail, of the relevant Publicly Available Information. If Notice of Publicly Available Information is specified (or deemed to be specified) as applying in the applicable Final Terms and a Credit Event Notice or Repudiation/Moratorium Extension Notice, as applicable, contains Publicly Available Information, such Credit Event Notice or Repudiation/Moratorium Extension Notice will also be deemed to be a Notice of Publicly Available Information.

**“Notice of Physical Settlement”** has the meaning given to it in Credit Linked Condition 5.

**“Notice to Exercise Movement Option”** means, if the relevant Credit Event is a Restructuring and either “Restructuring Maturity Limitation and Fully Transferable Obligation” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified (or deemed specified) in the applicable Final Terms and with respect to which a No Auction Announcement Date has occurred pursuant to sub-paragraph (b) of the definition thereof, a notice by the Issuer to the Holders to apply, for the purposes of the Notes, the Parallel Auction Settlement Terms, if any, for the purposes of which the Deliverable Obligations under the Parallel Auction Settlement Terms are more limited than the Deliverable Obligations under the Transaction Auction Settlement Terms (provided that the Issuer may apply the Parallel Auction Settlement Terms for purposes of which all Deliverable Obligations on the Final List (as defined in the Rules) will be Permissible Deliverable Obligations (as defined in the Credit Derivatives Definitions) if the Parallel Auction Settlement Terms so elected apply to one or more Hedge Transactions in respect of the relevant Notes). The Issuer shall in such notice identify the specific Parallel Auction Settlement Terms which it wishes to apply for the purposes of the Notes.

**“Notional Credit Derivative Transaction”** means, with respect to any Credit Linked Note a hypothetical market standard credit default swap transaction entered into by the Issuer, as Buyer (as defined in the Credit Derivatives Definitions), incorporating the terms of the Credit Derivatives Definitions and under the terms of which (a) the “Trade Date” is the Trade Date; (b) the “Scheduled Termination Date” is the Scheduled Maturity Notice Date or the Scheduled Exercise Date (as applicable); (c) the **“Reference Entity”** thereunder is the Reference Entity for the purposes of such Note; and (d) the “Transaction Type” thereunder is the Transaction Type for the purposes of such Note.

**“Obligation”** means:

- (a) any obligation of a Reference Entity (either directly, as a provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) determined pursuant to the method described in “Method for Determining Obligations” below (but excluding any Excluded Obligation);
- (b) each Reference Obligation specified (or deemed to be specified) in the applicable Final Terms, unless specified as an Excluded Obligation; and
- (c) any Additional Obligation of a Reference Entity specified as such (or deemed to be specified) in the applicable Final Terms;

Method for Determining Obligations. For the purposes of paragraph (a) of this definition of **“Obligation”**, the term **“Obligation”** may be defined as each obligation of each Reference Entity described by the Obligation Category specified in the applicable Final Terms, and having each of the Obligation Characteristics (if any) specified in the applicable Final Terms, in each case, as of

the date of the event which constitutes the Credit Event which is the subject of either the Credit Event Notice or the notice to ISDA resulting in the Credit Event Resolution Request Date, as applicable.

The following terms shall have the following meanings:

- (A) **“Obligation Category”** means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the applicable Final Terms, where:
- (1) **“Payment”** means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;
  - (2) **“Borrowed Money”** means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);
  - (3) **“Reference Obligations Only”** means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only;
  - (4) **“Bond”** means any obligation of a type included in the “Borrowed Money” Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money;
  - (5) **“Loan”** means any obligation of a type included in the “Borrowed Money” Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money; and
  - (6) **“Bond or Loan”** means any obligation that is either a Bond or a Loan;
- (B) **“Obligation Characteristics”** means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance specified in the applicable Final Terms, where:
- (1) (a) **“Not Subordinated”** means an obligation that is not Subordinated to (i) the most senior Reference Obligation in priority of payment or (ii) if no Reference Obligation is specified in the Issue Terms, any unsubordinated Borrowed Money obligation of the Reference Entity; provided that, if any of the events set forth under the definition of “Substitute Reference Obligation” has occurred with respect to all of the Reference Obligations or if, pursuant to the definition of “Successor” a Substitute Reference Obligation will be determined in accordance with the definition of “Substitute Reference Obligation” with respect to the Reference Obligation (each, in each case, a “Prior Reference Obligation”) and no Substitute Reference Obligation has been identified for any of the Prior Reference Obligations at the time of the determination of whether an obligation satisfies the “Not Subordinated” Obligation Characteristic or Deliverable Obligation Characteristic, as applicable, “Not Subordinated” shall mean an obligation that would not have been Subordinated to the most senior such Prior Reference Obligation in priority of payment. For purposes of determining whether

an obligation satisfies the “Not Subordinated” Obligation Characteristic or Deliverable Obligation Characteristic, the ranking in priority of payment of each Reference Obligation or each Prior Reference Obligation, as applicable, shall be determined as of the date as of which the relevant Reference Obligation or Prior Reference Obligation, as applicable, was issued or incurred and shall not reflect any change to such ranking in priority of payment after such date.

- (b) “**Subordination**” means, with respect to an obligation (the “Subordinated Obligation”) and another obligation of the Reference Entity to which such obligation is being compared (the “Senior Obligation”), a contractual, trust or other similar arrangement providing that (i) upon the liquidation, dissolution, reorganization or winding up of the Reference Entity, claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (ii) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. “Subordinated” will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign;
- (2) “**Credit Linked Specified Currency**” means an obligation that is payable in the currency or currencies specified as such in the applicable Final Terms (or, if Credit Linked Specified Currency is specified in the applicable Final Terms and no currency is so specified, any of the lawful currencies of Canada, Japan, Switzerland, the United Kingdom and the United States of America and the euro and any successor currency to any of the aforementioned currencies, which currencies shall be referred to collectively in the applicable Final Terms as the “Standard Specified Currencies”).
- (3) “**Not Sovereign Lender**” means any obligation that is not primarily owed to a Sovereign or Supranational Organization, including, without limitation, obligations generally referred to as “Paris Club debt”.
- (4) “**Not Domestic Currency**” means any obligation that is payable in any currency other than the Domestic Currency.
- (5) “**Not Domestic Law**” means any obligation that is not governed by the laws of (a) the relevant Reference Entity, if such Reference Entity is a Sovereign, or (b) the jurisdiction of organization of the relevant Reference Entity, if such Reference Entity is not a Sovereign.
- (6) “**Listed**” means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange.
- (7) “**Not Domestic Issuance**” means any obligation other than an obligation that was, at the time the relevant obligation was issued (or reissued, as the case may be) or incurred, intended to be offered for sale primarily in the domestic market of the relevant Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of the relevant Reference Entity (regardless of

whether such obligation is also registered or qualified for sale within the domestic market of the relevant Reference Entity) shall be deemed not to be intended for sale primarily in the domestic market of the Reference Entity.

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

**“Obligation Currency”** means the currency or currencies in which the Obligation is denominated.

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

**“Officer’s Certificate”** means, a certificate signed by a managing director (or other substantively equivalent title) of the Calculation Agent or one of its Affiliates which is delivered to the Issuer together with a Credit Event Notice and which sets out the following information:

- (a) the Calculation Agent or one of its Affiliates reasonably believes that Publicly Available Information is not available in respect of the relevant Credit Event;
- (b) identification by the Calculation Agent or one of its Affiliates of the specific Credit Event that has occurred;
- (c) a description of the manner in which the Credit Event described in a Credit Event Notice was determined to have occurred; and
- (d) identification of the source of the information that reasonably confirms the occurrence of a Credit Event described in a Credit Event Notice and upon which information the determination that a Credit Event has occurred was made (and subject to any applicable law, regulation or duty of confidentiality, attaching copies of such information).

**“Outstanding Principal Balance”** means, subject as provided in sub-paragraph (4)(e) of paragraph (B) (Interpretation of Provisions) in the definition of Deliverable Obligation:

- (a) with respect to any Accreting Obligation, the Accreted Amount thereof; and
- (b) with respect to any other obligation, the outstanding principal balance of such obligation, provided that with respect to any Exchangeable Obligation that is not an Accreting Obligation,

**“Outstanding Principal Balance”** shall exclude any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

**“Parallel Auction”** means “Auction” as defined in the relevant Parallel Auction Settlement Terms.

**“Parallel Auction Settlement Terms”** means following the occurrence of DC Credit Event Announcement (and where the relevant Credit Event is a Restructuring) in respect of any Credit Linked Note for which either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally

Transferable Obligation Applicable” is specified (or deemed specified) in the applicable Final Terms, any Credit Derivatives Auction Settlement Terms published by ISDA with respect to such Restructuring in accordance with the Rules, and for which the Deliverable Obligation provisions for the purposes of such Auction are the same as the Deliverable Obligation provisions applicable to the Notional Credit Derivative Transaction and for which such Notional Credit Derivative Transaction would not be an Auction Covered Transaction.

“**Payment Requirement**” means the amount specified as such in the applicable Final Terms or its equivalent in the relevant Obligation Currency or, if a Payment Requirement is not specified in the applicable Final Terms, US\$1,000,000, or its equivalent as calculated by the Calculation Agent in the relevant Obligation Currency, in either case, as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable.

“**Permitted Currency**” means (i) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership), or (ii) the legal tender of any country which, as of the date of such change, is a member of the Organization for Economic Co-operation and Development and has a local currency long term debt rating of either AAA or higher assigned to it by Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc. or any successor to the rating business thereof, Aaa or higher assigned to it by Moody’s Investors Service’s Limited, or any successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings Ltd or any successor to the rating business thereof.

“**Physical Settlement Matrix**” means the Credit Derivatives Physical Settlement Matrix Supplement to the Credit Derivatives Definitions, as most recently amended or supplemented as at the Trade Date (unless otherwise specified in relation to a Reference Entity) and as published by ISDA, currently at <http://www.isda.org>, provided that any reference therein to (a) “Confirmation” shall be deemed to be a reference to the applicable Final Terms; (b) “Floating Rate Payer Calculation Amount” shall be deemed to be a reference to the Specified Currency, (c) “Section 3.3 of the Definitions” shall be deemed to be a reference to “Credit Event Notice”, (d) “Section 3.9” shall be deemed to be a reference to Credit Linked Condition 11 and (e) “Section 8.6” shall be deemed to be a reference to “Physical Settlement Period”.

“**Physical Settlement Period**” means the number of Business Days specified as such in the applicable Final Terms or, if a number of Business Days is not so specified, then, with respect to a Deliverable Obligation comprising the Entitlement, the longest number of Business Days for settlement in accordance with then current market practice of such Deliverable Obligation, as determined by the Calculation Agent in its sole discretion provided that the Physical Settlement Period shall not be less than ten Business Days (unless otherwise notified by the Calculation Agent to the Issuer).

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

“**Potential Repudiation/Moratorium**” means the occurrence of an event described in paragraph (a) of the definition of Repudiation/Moratorium.

“**Publicly Available Information**” means:

- (a) information that reasonably confirms any of the facts relevant to the determination that the Credit Event or a Potential Repudiation/Moratorium, as applicable, described in a Credit Event Notice or Repudiation/Moratorium Extension Notice has occurred and which:

- (i) has been published in or on not less than the Specified Number of Public Sources, regardless of whether the reader or user thereof pays a fee to obtain such information provided that, if either the Calculation Agent or the Issuer or any of their respective Affiliates and/or agents is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless either the Calculation Agent or the Issuer or any of its Affiliates and/or agents is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation; or
  - (ii) is information received from or published by (A) a Reference Entity or, as the case may be, a Sovereign Agency in respect of a Reference Entity which is a Sovereign or (B) a trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation; or
  - (iii) is information contained in any petition or filing instituting a proceeding described in paragraph (d) of the definition of Bankruptcy against or by a Reference Entity; or
  - (iv) is information contained in any order, decree, notice or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body;
- (b) in the event that the Calculation Agent is (i) the sole source of information in its capacity as trustee, fiscal agent, administrative agent, clearing agent, paying agent, facility agent or agent bank for an Obligation and (ii) a holder of the Obligation with respect to which a Credit Event has occurred, the Calculation Agent shall be required to deliver to the Issuer a certificate signed by a Managing Director (or other substantially equivalent title) of the Calculation Agent, which shall certify the occurrence of a Credit Event with respect to such Obligation;
- (c) in relation to any information of the type described in paragraphs (a)(ii), (iii) and (iv) above, the Calculation Agent may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the entity disclosing such information has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to the party receiving the information;
- (d) Publicly Available Information need not state:
- (i) in relation to the definition of “Downstream Affiliate”, the percentage of Voting Shares owned, directly or indirectly, by the Reference Entity; and
  - (ii) that such occurrence:
    - (A) has met the Payment Requirement or Default Requirement;
    - (B) is the result of exceeding any applicable Grace Period; or
    - (C) has met the subjective criteria specified in certain Credit Events;

“**Public Source**” means each source of Publicly Available Information specified (or deemed specified) as such in the applicable Final Terms (or if a source is not specified in the applicable Final Terms, each of Bloomberg Service, Dow Jones Telerate Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun, Asahi Shinbun, Yomiuri Shinbun, Financial Times, La Tribune, Les Echos and The

Australian Financial Review (and successor publications), the main source(s) of business news in the country in which the Reference Entity is organized and any other internationally recognized published or electronically displayed news sources).

**“Qualifying Affiliate Guarantee”** means a Qualifying Guarantee provided by a Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of that Reference Entity.

**“Qualifying Guarantee”** means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the “Underlying Obligation”) for which another party is the obligor (the “Underlying Obligor”). Qualifying Guarantees shall exclude any arrangement (i) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced or otherwise altered or assigned (other than by operation of law) as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). The benefit of a Qualifying Guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation.

**“Qualifying Participation Seller”** means any participation seller that meets the requirements specified in the applicable Final Terms. If no such requirements are specified, there shall be no Qualifying Participation Seller.

**“Quotation”** means each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:

- (a) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Quotation Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation. If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date, the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day. If no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.
- (b)
  - (i) If “Include Accrued Interest” is specified in the applicable Final Terms in respect of Quotations, such Quotations shall include accrued but unpaid interest.
  - (ii) If “Exclude Accrued Interest” is specified in the applicable Final Terms in respect of Quotations, such Quotations shall not include accrued but unpaid interest.
  - (iii) If neither “Include Accrued Interest” nor “Exclude Accrued Interest” is specified in the applicable Final Terms in respect of Quotations, the Calculation Agent shall determine, based on the then current market practice in the market of the Reference Obligation, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.

- (c) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the Outstanding Principal Balance for the purposes of determining the Final Price.

**“Quotation Amount”** means the amount specified as such in the applicable Final Terms (which may be specified by reference to an amount in a currency or by reference to a Representative Amount) or, if no amount is specified in the applicable Final Terms, the Aggregate Nominal Amount (or its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained).

**“Quotation Dealer”** means a dealer in obligations of the type of Obligation(s) for which Quotations are to be obtained including each Quotation Dealer specified in the applicable Final Terms. If no Quotation Dealers are specified in the applicable Final Terms, the Calculation Agent shall select the Quotation Dealers in its sole and absolute discretion. Upon a Quotation Dealer no longer being in existence (with no successors), or not being an active dealer in the obligations of the type for which Quotations are to be obtained, the Calculation Agent may substitute any other Quotation Dealer(s) for such Quotation Dealer(s). For the avoidance of doubt, the Calculation Agent and/or any of its affiliates may be selected as a Quotation Dealer.

**“Quotation Method”** means the applicable Quotation Method specified in the applicable Final Terms by reference to one of the following terms:

**“Bid”** means that only bid quotations shall be requested from Quotation Dealers;

**“Offer”** means that only offer quotations shall be requested from Quotation Dealers; or

**“Mid-market”** means that bid and offer quotations shall be requested from Quotation Dealers and shall be averaged for the purposes of determining a relevant Quotation Dealer’s quotation.

If a Quotation Method is not specified in the applicable Final Terms, Bid shall apply.

**“Reference Entity”** means the reference entity described as such in the Final Terms. Any Successor to a Reference Entity either (a) identified by the Calculation Agent pursuant to the definition of “Successor” on or following the Trade Date or (b) in respect of which ISDA publicly announces on or following the Trade Date that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the Rules shall, in each case, be the Reference Entity for the purposes of the relevant Series (provided that if “Calculation Agent Determination” is specified as being applicable in the applicable Final Terms, the Successor identified by the relevant Credit Derivatives Determinations Committee shall not be the Reference Entity for the relevant Notes unless the Calculation Agent notifies the Issuer that such announcement shall apply to such Notes).

**“Reference Obligation”** means each obligation specified or of a type described as such in the applicable Final Terms (if any are so specified or described) and any Substitute Reference Obligation.

**“Relevant Obligations”** means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its Affiliates and/or its agents, as determined by the Calculation Agent. The Calculation Agent will determine the entity which succeeds to such Relevant Obligations on the basis of the Best Available Information. If the date on which the Best Available Information becomes available (or is filed) precedes the legally effective date of the relevant Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best Available Information will be deemed to have



been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.

**“Replacement Deliverable Obligation”** means each replacement Deliverable Obligation that the Issuer has specified in the relevant NOPS Amendment Notice.

**“Replacement Reference Entity”** means an entity identified by the Calculation Agent which is the **“Replacement Reference Entity”** under the relevant Hedge Transaction and/or:

- (a) that is in the same industry classification group as the Surviving Reference Entity as determined by the Calculation Agent with reference to the industry classification groups as published by Moody’s Investors Service, Inc. or Standard & Poor’s Rating Services, a division of the McGraw-Hill Companies, Inc. or any successors thereto or any other rating agency as the Calculation Agent shall determine;
- (b) that has a bid-side credit spread (at the time the Calculation Agent identifies such entity) no greater than 110% or (as otherwise specified in the Final Terms) of the relevant Surviving Reference Entity at the same time (the “Credit Spread Requirement”), in each case based on a credit default swap:
- (c) on market standard terms for the relevant entity as at the time of such determination;
  - (i) in respect of a floating rate payer calculation amount equal to at least 50 per cent. but not more than 100 per cent. of the Calculation Amount; and
  - (ii) with a term equal to the period from and including the date of determination to and including the Scheduled Termination Date (the “Remaining Term”), provided that the Calculation Agent, having used reasonable endeavours, cannot obtain quotations from at least three Quotation Dealers, in respect of the Remaining Term, the term for the purposes of this paragraph (iii) shall be five years,
- (d) The bid-side credit spreads for the purpose of the Credit Spread Requirement shall be the unweighted arithmetic mean of the spread quotations obtained by the Calculation Agent from at least three Quotation Dealers, as determined by the Calculation Agent acting in good faith and a commercially reasonable manner;
- (e) that is principally traded in the credit derivative market in respect of the same geographical region as the relevant Surviving Reference Entity, as determined by the Calculation Agent acting in good faith and a commercially reasonable manner; and
- (f) that is not an Affiliate of any other Reference Entity under the Notes, the Issuer or the Calculation Agent both immediately prior to and following the relevant Succession Event.

**“Representative Amount”** means an amount that is representative for a single transaction in the relevant market and at the relevant time, such amount to be determined by the Calculation Agent.

**“Repudiation/Moratorium”** means the occurrence of both of the following events:

- (a) an authorised officer of a Reference Entity or a Governmental Authority:
  - (x) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement; or

- (y) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement; and
- (b) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Notice Date.

**“Repudiation/Moratorium Evaluation Date”** means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Maturity Notice Date or the Scheduled Exercise Date as applicable (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)):

- (a) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of:
  - (i) the date that is 60 days after the date of such Potential Repudiation/Moratorium; and
  - (ii) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date); and
- (b) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium.

**“Repudiation/Moratorium Extension Condition”** is satisfied (i) if ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is 15 Business Days after the Scheduled Maturity Notice Date or the Scheduled Exercise Date as applicable, that the relevant Credit Derivatives Determinations Committee has Resolved that an event that constitutes a Potential Repudiation/Moratorium for the purposes of the Notes has occurred with respect to an Obligation of the relevant Reference Entity and that such event occurred on or prior to the Scheduled Maturity Notice Date or the Scheduled Exercise Date as applicable (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) (and provided that, if “Calculation Agent Determination” is specified as being applicable in the applicable Final Terms, the Repudiation/Moratorium Extension Condition shall not be satisfied unless the Calculation Agent notifies the Issuer that such announcement shall apply to the Notes) or (ii) otherwise, by the delivery of a (x) Repudiation/Moratorium Extension Notice and, if specified as applicable in the Final Terms, Notice of Publicly Available Information by the Calculation Agent to the Issuer are each effective on or prior to the date that is 15 Business Days after the Scheduled Maturity Notice Date or the Scheduled Exercise Date as applicable; or (y) an Extension Notice giving notice of the circumstances set out in sub-paragraph (d) of the definition thereof on or prior to the Scheduled Maturity Date or Actual Exercise Date (as applicable).

In all cases, the Repudiation/Moratorium Extension Condition will be deemed either not to have been satisfied, or not capable of being satisfied, if, or to the extent that, ISDA publicly announces, pursuant to a valid request that was delivered in accordance with the Rules and effectively received on or prior to the date that is 15 Business Days after the Scheduled Maturity Notice Date or the Scheduled Exercise Date as applicable, that the relevant Credit Derivatives Determinations Committee has Resolved that either (A) an event does not constitute a Potential Repudiation/Moratorium with respect to an Obligation of the relevant Reference Entity or (B) an event that constitutes a Potential Repudiation/Moratorium has occurred with respect to an Obligation of the relevant Reference Entity but that such event occurred after the Scheduled Maturity Notice Date or the Scheduled Exercise Date as applicable (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan

Sovereign, Tokyo time)) provided that, if “Calculation Agent Determination” is specified as being applicable in the applicable Final Terms, such announcement by ISDA shall be deemed not to have been made (and the Notes shall be construed accordingly) unless the Calculation Agent notifies the Issuer that such announcement shall apply to the Notes.

“**Repudiation/Moratorium Extension Notice**” means an irrevocable notice (which may be in writing and/or by telephone) from the Issuer to the Holders that describes a Potential Repudiation/Moratorium that occurred on or prior to the Scheduled Maturity Notice Date or the Scheduled Exercise Date as applicable (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)). A Repudiation/Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is effective.

“**Resolve**” has the meaning given to that term in the Rules, and “Resolved” and “Resolves” shall be interpreted accordingly.

“**Restructured Bond or Loan**” means an Obligation which is a Bond or Loan and in respect of which the Restructuring that is the subject of a Credit Event Notice has occurred.

“**Restructuring**” means, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between a Reference Entity or a Governmental Authority and a sufficient number of holders of the Obligation to bind all the holders of such Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Trade Date and the date as of which such Obligation is issued or incurred:

- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
- (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
- (iii) a postponement or other deferral of a date or dates for either (a) the payment or accrual of interest or (b) the payment of principal or premium;
- (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or
- (v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency;

Notwithstanding the above provisions, none of the following shall constitute a Restructuring:

- (a) the payment in euro of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
- (b) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and

- (c) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.

For the purposes of the definition of Restructuring and Credit Linked Condition 15, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in the initial paragraph and sub-paragraphs (i) to (v) above of the definition of Restructuring shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in the second paragraph of this definition of Restructuring shall continue to refer to the Reference Entity.

**“Restructuring Date”** means, with respect to a Restructured Bond or Loan, the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring.

**“Restructuring Maturity Limitation Date”** means, with respect to a Deliverable Obligation, the Limitation Date occurring on or immediately following the Scheduled Maturity Notice Date or the Scheduled Exercise Date (as applicable), provided that, in circumstances where the Scheduled Maturity Notice Date or the Scheduled Exercise Date (as applicable) is later than the 2.5-year Limitation Date, at least one Enabling Obligation exists. Notwithstanding the foregoing, if the final maturity date of the Latest Maturity Restructured Bond or Loan and the Scheduled Maturity Notice Date or the Scheduled Exercise Date (as applicable) occurs prior to the final maturity date of such Latest Maturity Restructured Bond or Loan, then the Restructuring Maturity Limitation Date will be the final maturity date of such Latest Maturity Restructured Bond or Loan.

In the event that the Scheduled Maturity Notice Date or the Scheduled Exercise Date (as applicable) is later than (i)(A) the final maturity date of the Latest Maturity Restructured Bond or Loan, if any, or (B) the 2.5-year Limitation Date, and, in either case, no Enabling Obligation exists or (ii) the 20-year Limitation Date, the Restructuring Maturity Limitation Date will be the Scheduled Maturity Notice Date or the Scheduled Exercise Date (as applicable).

**“Rules”** means the Credit Derivatives Determinations Committees Rules as published by ISDA on its website at [www.isda.org](http://www.isda.org) (or any successor website thereto) from time to time and as amended from time to time in accordance with the terms thereof.

**“Scheduled Exercise Date”** means the date specified as such in the applicable Final Terms or if no date is so specified, the Actual Exercise Date.

**“Scheduled Maturity Notice Date”** means the date specified as such in the applicable Final Terms or if no date is so specified, the Scheduled Maturity Date.

**“Settlement Currency”** means the currency specified as such in the applicable Final Terms, or if no currency is specified in the applicable Final Terms, the Specified Currency.

**“Settlement Method”** means the settlement method specified (or deemed specified) in the applicable Final Terms.

**“Sovereign”** means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including without limiting the foregoing, the central bank) thereof.

**“Sovereign Agency”** means any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) of a Sovereign.

**“Sovereign Restructured Deliverable Obligation”** means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice has occurred and (b) described by the Deliverable Obligation Category specified in the applicable Final Terms, and, subject to sub-paragraph (3) of paragraph (B) “Interpretation of Provisions” in the definition of “Deliverable Obligation”, having each of the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms, in each case, immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring without regard to whether the Obligation would satisfy such Deliverable Obligation Category or Deliverable Obligation Characteristics after such Restructuring.

**“Specified Number”** means the number of Public Source(s) specified in the applicable Final Terms, or if no number is specified in the applicable Final Terms, two, provided that where “Calculation Agent Determination” is specified as applicable in the applicable Final Terms, the “Specified Number” shall be one.

**“Substitute Reference Obligation”** means one or more obligations of the Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified (or deemed to be specified) as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) that will replace one or more Reference Obligations, identified by the Calculation Agent in accordance with the following procedures:

- (a) In the event that:
  - (i) a Reference Obligation is redeemed in whole; or
  - (ii) in the opinion of the Calculation Agent (A) the aggregate amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortization or prepayments), (B) any Reference Obligation is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms or (C) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity, the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation.
- (b) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (i) ranks *pari passu* in priority of payment with the ranking in priority of payment of each of the Substitute Reference Obligation and such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the date as of which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such date), (ii) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent, of the Issuer’s delivery and payment obligations under the Notes and (iii) is an obligation of the relevant Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified (or deemed to be specified) as applicable in the applicable Final Terms, as provider of a Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations.
- (c) If more than one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to one or more but not all of the Reference Obligations, and the Calculation Agent determines that no Substitute Reference Obligation is available for one or more of such

Reference Obligations, each Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.

- (d) If more than one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to all of the Reference Obligations, and the Calculation Agent determines that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation shall be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.
- (e) If:
  - (i) more than one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to all of the Reference Obligations and the Calculation Agent determines that no Substitute Reference Obligation is available for any of the Reference Obligations; or
  - (ii) only one specific Reference Obligation is identified as a Reference Obligation in relation to a Series, any of the events set forth in paragraph (a) above has occurred with respect to such Reference Obligation and the Calculation Agent determines that no Substitute Reference Obligation is available for that Reference Obligation, then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the later of (A) the Scheduled Maturity Notice Date, (B) the Grace Period Extension Date (if any) and (C) the Repudiation/Moratorium Evaluation Date (if any). If (i) either Cash Settlement is specified in the applicable Final Terms and the Credit Event Redemption Amount is determined by reference to a Reference Obligation or Physical Settlement is specified in the applicable Final Terms and the Reference Obligation is the only Deliverable Obligation and (ii) on or prior to the later of (A) the Scheduled Maturity Notice Date, (B) the Grace Period Extension Date or (C) the Repudiation/ Moratorium Evaluation Date, a Substitute Reference Obligation has not been identified, the Issuer's obligations under the Notes shall cease as of the later of (A) the Scheduled Maturity Notice Date, (B) the Grace Period Extension Date or (C) the Repudiation/Moratorium Evaluation Date.
- (f) For the purposes of identification of a Reference Obligation, any change in the Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation.

**“Succession Event”** means (i) with respect to a Reference Entity that is not a Sovereign, an event such as a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement or (ii) with respect to a Reference Entity that is a Sovereign, an event such as an annexation, unification, secession, partition, dissolution, consolidation, reconstitution or other event that results in any direct or indirect successor(s) to such Reference Entity. Notwithstanding the foregoing, “Succession Event” shall not include an event (A) in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin off or other similar event or (B) with respect to which the legally effective date (or, in the case of a Reference Entity that is a Sovereign, the date of occurrence) has occurred prior to the Succession Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) or (where “Calculation Agent Determination” is specified as being applicable in the applicable Final Terms)

the date that is 90 calendar days prior to the Trade Date or the Succession Event Backstop Date if the Calculation Agent notifies the Issuer that the Succession Event Backstop Date shall apply.

**“Succession Event Backstop Date”** means (i) for purposes of any event that constitutes a Succession Event as determined by the relevant DC Resolution, the date that is 90 calendar days prior to the Succession Event Resolution Request Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) or (ii) otherwise, the date that is 90 calendar days prior to the earlier of (A) the date on which the Succession Event Notice is effective and (B) in circumstances where (I) the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in sub-paragraphs (a) and (b) of the definition of “Succession Event Resolution Request Date” are satisfied in accordance with the Rules, (II) the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters and (III) the Succession Event Notice is delivered by the Calculation Agent to the Issuer not more than fourteen calendar days after the day on which ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine such matters, the Succession Event Resolution Request Date. The Succession Event Backstop Date shall not be subject to adjustment unless otherwise provided for in the applicable Final Terms.

**“Succession Event Notice”** means an irrevocable notice from the Calculation Agent to the Issuer that describes a Succession Event that occurred on or after the Succession Event Backstop Date (determined by reference to Greenwich Mean Time (or, if the Transaction Type of the relevant Reference Entity is Japan Corporate or Japan Sovereign, Tokyo time)) or (if Calculation Agent Determination is specified as applicable in the applicable Final Terms and the Calculation Agent has not notified the Issuer that the Succession Event Backstop Date shall apply) the date that is 90 calendar days prior to the Trade Date. A Succession Event Notice must contain a description in reasonable detail of the facts relevant to the determination of, pursuant to sub-paragraphs (a) or (b) of the definition of “Successor”, (i) whether a Succession Event has occurred and (ii) if relevant, the identity of any Successor(s).

**“Succession Event Resolution Request Date”** means, with respect to a notice to ISDA delivered in accordance with the Rules requesting that a Credit Derivatives Determinations Committee be convened to Resolve:

- (a) whether an event that constitutes a Succession Event has occurred with respect to the relevant Reference Entity; and
- (b) if the relevant Credit Derivatives Determinations Committee Resolves that such event has occurred, (A) with respect to a Reference Entity that is not a Sovereign, the legally effective date of such event or (B) with respect to a Reference Entity that is a Sovereign, the date of the occurrence of such event, the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee Resolves to be the date on which such notice is effective.

**“Successor”** means:

- (a) in relation to a Reference Entity that is not a Sovereign, the entity or entities, if any, determined as set out below:
  - (i) if one entity directly or indirectly succeeds to 75 per cent. or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;
  - (ii) if only one entity directly or indirectly succeeds to more than 25 per cent. (but less than 75 per cent.) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity

that succeeds to more than 25 per cent. of the Relevant Obligations will be the sole Successor;

- (iii) if more than one entity each directly or indirectly succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than 25 per cent. of the Relevant Obligations will each be a Successor, and the Credit Linked Notes will be divided in accordance with Credit Linked Condition 13;
- (iv) if one or more entities each directly or indirectly succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will each be a Successor, and the Credit Linked Notes will be divided in accordance with Credit Linked Condition 13;
- (v) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity and the Credit Linked Notes will not be changed in any way as a result of the Succession Event; and
- (vi) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of Relevant Obligations (or, if 2 or more entities succeed to an equal percentage of Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of obligations of the Reference Entity) will be the sole Successor; (b) with respect to a Sovereign Reference Entity, "Successor" means each entity which becomes a direct or indirect successor to such Reference Entity by way of Succession Event, irrespective of whether any such successor assumes any of the obligations of such Reference Entity; or (c) notwithstanding sub-paragraphs (a) and (b) above, where "Calculation Agent Determination" is specified as being applicable in the applicable Final Terms, the Successor shall be either (as selected by the Calculation Agent in its sole discretion) (a) the current obligor in respect of the Reference Obligation, (b) the successor(s) determined in accordance with sub-paragraphs (a) or (b) above, as applicable, or (c) any successor(s) identified by the relevant Credit Derivatives Determinations Committee pursuant to a DC Resolution if the Calculation Agent notifies the Issuer that a DC Resolution in relation to a Reference Entity and a Succession Event shall apply.

The Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than fourteen calendar days after the date of the occurrence of the relevant Succession Event), and with effect from the date of the occurrence of the Succession Event, each Sovereign and/or entity, if any, that qualifies under (b) above; provided that if "Calculation Agent Determination" is not specified as being applicable in the applicable Final Terms, the Calculation Agent will not make such determination if, at such time, either (A) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in (b) above, and subparagraphs (a) and (b)(B) of the definition of Succession Event Resolution Request Date are satisfied in accordance with the Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to



determine a Successor) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event for purposes of the Credit Default Swap has occurred.

In the case of (a) above, the Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but no earlier than 14 calendar days after the legally effective date of the relevant Succession Event), and with effect from the legally effective date of the Succession Event, whether the relevant thresholds set out in (a)(i) to (vi) above have been met, or which entity qualifies under (a)(vi) above, as applicable; provided that if “Calculation Agent Determination” is not specified as being applicable in the applicable Final Terms, the Calculation Agent will not make such determination if, at such time, either (A) ISDA has publicly announced that the conditions to convening a Credit Derivatives Determinations Committee to Resolve the matters described in (a) above, and subparagraphs (a) and (b)(A) of the definition of Succession Event Resolution Request Date are satisfied in accordance with the Rules (until such time, if any, as ISDA subsequently publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine a Successor) or (B) ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has Resolved that no event that constitutes a Succession Event has occurred. In calculating the percentages used to determine whether the relevant thresholds set out in (a) above have been met, or which entity qualifies under (a)(vi) above, as applicable, the Calculation Agent shall use, with respect to each applicable Relevant Obligation included in such calculation, the amount of the liability with respect to such Relevant Obligation listed in the Best Available Information and shall notify the Issuer and the Holders of such calculation.

For the purposes of this definition of “Successor”, “succeed” means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor or insurer with respect to such Relevant Obligations (or, as applicable, obligations).

Where:

- (A) a Reference Obligation with respect to a Reference Entity is specified in the applicable Final Terms; and
- (B) one or more Successors to the Reference Entity have been identified; and
- (C) any one or more such Successors have not assumed the Reference Obligation, a Substitute Reference Obligation will be determined in accordance with the definition of “Substitute Reference Obligation”.

“**Supranational Organization**” means any entity or organization established by treaty or other arrangement between two or more Sovereigns or the Sovereign Agencies of two or more Sovereigns, and includes, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and the European Bank for Reconstruction and Development.

“**Trade Date**” means the date specified as such in the applicable Final Terms.

“**Transaction Auction Settlement Terms**” means either:

- (a) (if the relevant Credit Event is not a Restructuring) the Credit Derivatives Auction Settlement Terms published by ISDA in respect of such Credit Event; and

- (b) (if the relevant Credit Event is a Restructuring), the Credit Derivatives Auction Settlement Terms published by ISDA in respect of such Credit Event and for which the Notional Credit Derivative Transaction would be an Auction Covered Transaction.

“**Transaction Type**” means in respect of a Reference Entity, the transaction type specified in respect of such Reference Entity in the applicable Final Terms corresponding to the “Transaction Type” specified as such in the Physical Settlement Matrix.

“**Undeliverable Obligation**” means a Deliverable Obligation included in the Entitlement which, on the Final Delivery Date for such Deliverable Obligation, the Calculation Agent determines (in its sole discretion) for any reason (including without limitation, failure of the relevant clearance system or due to any law, regulation, court order, contractual restrictions, statutory restrictions or market conditions or the non-receipt of any requisite consents with respect to the Delivery of Loans) it is either:

- (a) impossible, illegal or impracticable to Deliver on the Final Delivery Date; or
- (b) unable or impracticable to Deliver on the Final Delivery Date because (i) the relevant Holder(s) has not taken any action that is deemed necessary by the Calculation Agent (acting in its sole discretion) to enable the Issuer to Deliver and/or for the Holder(s) to take delivery of all or a portion of the Deliverable Obligations; or (ii) the Holder(s) has failed to provide know-your-customer information, sign and deliver relevant transfer documentation and/or confidentiality agreement, pay a fee to the agent to effect the transfer and/or provide any other information or documentation or make any other payment (including any taxes) as is specified under the terms of the relevant Deliverable Obligations or as is customary to provide in respect of such Deliverable Obligations, each as may be required pursuant to the definition of “Deliver” herein.

“**Unwind Costs**” means the amount specified in the applicable Final Terms or if “Standard Unwind Costs” are specified in the applicable Final Terms, an amount determined by the Calculation Agent equal to the sum of (without duplication) all costs, expenses (including, without limitation, loss of funding and break funding charges and fees), tax and duties incurred by the Issuer and/or any of its Affiliates and/or agents in connection with the redemption or cancellation, as applicable, of the Notes and the related termination, settlement or re-establishment of any hedge or related trading position (or which would have been so incurred had the Issuer and/or its Affiliates entered into one or more such transactions), such amount to be apportioned pro rata amongst each nominal amount of Credit Linked Notes equal to the Calculation Amount set out in the applicable Final Terms.

“**Valuation Date**” means (a) where Physical Settlement is specified as applying in the applicable Final Terms, the day falling three Business Days after the Credit Settlement Date, or (b) where Cash Settlement is specified as applying in the applicable Final Terms, if “Single Valuation Date” is specified in the applicable Final Terms, the date that is the number of Business Days specified in the Final Terms after the Event Determination Date or, if the number of Business Days is not so specified, five Business Days after the Event Determination Date, and if “Multiple Valuation Dates” is specified in the applicable Final Terms, each of the following dates:

- (i) the date that is the number of Business Days specified in the applicable Final Terms after the Event Determination Date (or, if the number of Business Days is not specified, five Business Days); and
- (ii) each successive date that is the number of Business Days specified in the applicable Final Terms (or if the number of Business Days is not so specified, five Business Days) after the date on which the Calculation Agent obtains a Market Value with respect to the immediately preceding Valuation Date.

When “Multiple Valuation Dates” is specified in the applicable Final Terms, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the applicable Final Terms (or, if the number of Valuation Dates is not so specified, five Valuation Dates). If neither Single Valuation Date nor Multiple Valuation Dates is specified in the applicable Final Terms, Single Valuation Date shall apply.

**“Valuation Method”:**

- (i) The following Valuation Methods may be specified in the applicable Final Terms for a Series with only one Reference Obligation and only one Valuation Date:

**“Market”** means the Market Value determined by the Calculation Agent with respect to the Valuation Date; or

**“Highest”** means the highest Quotation obtained by the Calculation Agent with respect to the Valuation Date.

- (ii) If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Highest.

- (iii) The following Valuation Methods may be specified in the applicable Final Terms for a Series with only one Reference Obligation and more than one Valuation Date:

**“Average Market”** means the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each Valuation Date; or

**“Highest”** means the highest Quotation obtained by the Calculation Agent with respect to any Valuation Date; or

**“Average Highest”** means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to each Valuation Date.

- (iv) If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Average Highest.

- (v) The following Valuation Methods may be specified in the applicable Final Terms for a Series with more than one Reference Obligation and only one Valuation Date:

**“Blended Market”** means the unweighted arithmetic mean of the Market Value for each Reference Obligation determined by the Calculation Agent with respect to the Valuation Date; or

**“Blended Highest”** means the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent for each Reference Obligation with respect to the Valuation Date.

- (vi) If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Blended Highest.

- (vii) The following Valuation Methods may be specified in the applicable Final Terms for a Series with more than one Reference Obligation and more than one Valuation Date:

**“Average Blended Market”** means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Market Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date; or

“**Average Blended Highest**” means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Highest Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date.

- (viii) If no such Valuation Method is specified in the applicable Final Terms, the Valuation Method shall be Average Blended Highest.
- (ix) Notwithstanding paragraphs (i) to (viii) above, if Quotations include Weighted Average Quotations or fewer than two Full Quotations, the Valuation Method shall be Market, Average Market, Blended Market or Average Blended Market, as the case may be.

“**Valuation Time**” means the time specified as such in the applicable Final Terms or, if no time is so specified, 11.00 a.m. in the principal trading market for the Reference Obligation.

“**Voting Shares**” shall mean those shares or other interests that have the power to elect the board of directors or similar governing body of an entity.

“**Weighted Average Quotation**” means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Reference Obligation with an Outstanding Principal Balance of as large a size as available but less than the Quotation Amount (but, if a Minimum Quotation Amount is specified in the applicable Final Terms, of a size equal to the Minimum Quotation Amount or, if quotations of a size equal to the Minimum Quotation Amount are not available, quotations as near in size as practicable to the Minimum Quotation Amount) that in aggregate are approximately equal to the Quotation Amount.

### **3. Final Redemption of Credit Linked Notes**

Unless previously redeemed or purchased and cancelled, each Credit Linked Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the CLN Maturity Date (or if no such provision is made in the applicable Final Terms, the outstanding principal amount thereof).

### **4. Conditions to Settlement – Cash Settlement**

Unless the Notes have been previously redeemed or purchased and cancelled, if the Conditions to Settlement are satisfied (in the case of Nth-to-Default Notes, in relation to the Nth Reference Entity in respect of which the Conditions to Settlement have been satisfied) and the applicable Settlement Method is “Cash Settlement” (or a Fallback Settlement Event has occurred and the Fallback Settlement Method is “Cash Settlement”), the Calculation Agent shall give notice (such notice a “Settlement Notice”) to the Issuer and the Issuer shall redeem all but not some only of the Notes and pay in respect of each Note the Credit Event Redemption Amount on the Credit Event Redemption Date.

If the Conditions to Settlement are satisfied and the Notes are redeemed in accordance with this Credit Linked Condition 4, upon payment of the Credit Event Redemption Amount the Issuer shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The Credit Event Redemption Amount may be less than the Issue Price, nominal amount or notional amount, as applicable, of a Note. Any shortfall shall be borne by the Holder and no liability shall attach to the Issuer.

### **5. Conditions to Settlement – Physical Settlement**

Unless the Notes have been previously redeemed or purchased and cancelled, if the Conditions to Settlement are satisfied (in the case of Nth-to-Default Notes, in relation to the Nth Reference

Entity in respect of which the Conditions to Settlement have been satisfied) and the applicable Settlement Method is “Physical Settlement” (or a Fallback Settlement Event has occurred and the Fallback Settlement Method is “Physical Settlement”), the Calculation Agent shall give notice (such notice a “Notice of Physical Settlement”) to the Issuer by the later of (a) the thirtieth Business Day after the Event Determination Date; (b) the tenth Business Day following the date of the relevant DC Credit Event Announcement; (c) the tenth Business Day after the date ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has Resolved not to determine the matters that were the subject of the relevant DC Question; or (d) the thirtieth Business Day after the Auction Cancellation Date or No Auction Announcement Date, as applicable, and the Issuer shall redeem all but not some only of the Notes, by Delivering (or procuring the Delivery) in respect of each Note the Deliverable Obligations comprising the Entitlement, subject to and in accordance with the Note Conditions and the Credit Linked Conditions (and in particular, Credit Linked Condition 9).

In the Notice of Physical Settlement, the Calculation Agent shall (a) specify the Deliverable Obligations comprising the Entitlement that the Issuer shall endeavour to Deliver and (b) where the Credit Event is a Restructuring and either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Limitation and Conditionally Transferable Obligation Applicable” is specified (or deemed to be specified) in the applicable Final Terms and the Scheduled Maturity Notice Date or Scheduled Exercise Date (as the case may be) is later than (i) the final maturity date of the Latest Maturity Restructured Bond or Loan, if any, or (ii) the 2.5-year Limitation Date, details of at least one Enabling Obligation. For the avoidance of doubt, the Calculation Agent shall be entitled to select any of the Deliverable Obligations to constitute the Entitlement, irrespective of their market value. The Calculation Agent may at any time prior to any Delivery Date by delivery of a notice to the Issuer (the “NOPS Amendment Notice”) amend the Notice of Physical Settlement and the Issuer shall endeavour to, pursuant to such NOPS Amendment Notice, Deliver to the Holders Replacement Deliverable Obligations that are different than the Deliverable Obligations originally specified.

If “**Restructuring Maturity Limitation and Fully Transferable Obligation**” is specified as applicable in the applicable Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be included in the Entitlement only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the Restructuring Maturity Limitation Date.

If “**Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable**” is specified as applying in the applicable Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be included in the Entitlement only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date.

Where the relevant Credit Event is a Restructuring and either “Restructuring Maturity Limitation and Fully Transferable Obligation” or “**Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable**” is specified (or deemed specified) in the applicable Final Terms and the Scheduled Maturity Notice Date or the Scheduled Exercise Date (as applicable) is later than (A) the final maturity date of the Latest Maturity Restructured Bond or Loan, if any, or (B) the 2.5-year Limitation Date, the Notice of Physical Settlement shall also contain details of at least one Enabling Obligation.

If the Conditions to Settlement are satisfied and the Notes are redeemed in accordance with this Credit Linked Condition 5, upon Delivery of the Deliverable Obligations comprising the Entitlement and/or payment of the Partial Cash Settlement Amount, as the case may be, the Issuer shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The value of such Deliverable Obligations and/or the Partial Cash Settlement Amount in respect of the Notes to be redeemed may be less than the Issue Price, nominal amount or notional amount, as applicable, of a Note.

Any shortfall shall be borne by the Holder and no liability shall attach to the Issuer.

## **6. Conditions to Settlement – Auction Settlement**

Unless the Notes have been previously redeemed or purchased and cancelled, if the Conditions to Settlement are satisfied (in the case of Nth-to-Default Notes, in relation to the Nth Reference Entity in respect of which the Conditions to Settlement have been satisfied) and the applicable Settlement Method is “Auction Settlement”, the Calculation Agent shall give notice (such notice a “Settlement Notice”) to the Issuer and the Issuer shall redeem all but not some only of the Notes and pay in respect of each Note the Auction Settlement Amount on the Auction Settlement Date unless a Fallback Settlement Event occurs (for the avoidance of doubt, in relation to the same Credit Event), in which case the Issuer shall redeem the Notes in accordance with the applicable Fallback Settlement Method.

If the Conditions to Settlement are satisfied and the Notes are redeemed in accordance with this Credit Linked Condition 6, upon payment of the Auction Settlement Amount the Issuer shall have discharged its obligations in respect of the Notes and shall have no other liability or obligation whatsoever in respect thereof. The Auction Settlement Amount may be less than the Issue Price, nominal amount or notional amount, as applicable, of a Note. Any shortfall shall be borne by the Holder and no liability shall attach to the Issuer.

## **7. Suspension of Obligations**

If a Credit Event Resolution Request Date occurs in relation to any Reference Entity, then, unless the Issuer otherwise elects by notice to the Holders, any obligation of the Issuer to redeem or otherwise settle any Credit Linked Note or pay any amount of interest which would otherwise be due thereon shall, to the extent that it relates to such Reference Entity, be and remain suspended until (a) the occurrence of a DC Credit Event Announcement; (b) the occurrence of a DC No Credit Event Announcement; or (c) the relevant Credit Derivatives Determinations Committee has Resolved with respect to such Reference Entity to dismiss the relevant DC Question (each of the events set out in (a), (b) or (c), a “DC Announcement”).

Following a DC Announcement, any obligations so suspended shall resume on the second Business Day immediately following the date of such DC Announcement (regardless of when the suspension began). Any amount of interest so suspended shall, subject to Note Condition 4(h) become due and payable on the date determined by the Calculation Agent in its sole discretion provided that such date shall not be later than 20 Business Days after the date of such DC Announcement.

No interest shall accrue on any amount of interest, any Final Redemption Amount, any Cash Settlement Amount or any other payment obligation of the Issuer so suspended.

Where the applicable Final Terms specify that “Calculation Agent Determination” is applicable, this Credit Linked Condition 7 shall not apply to the relevant Notes unless the Calculation Agent notifies the Issuer that this Credit Linked Condition 7 shall apply.

## **8. Interest**

Following the delivery of an Extension Notice in the case of interest bearing Credit Linked Notes and provided that the Conditions to Settlement have not been satisfied, the Issuer shall be obliged to pay interest calculated as provided in Note Condition 4 accruing from (and including) the Interest Payment Date immediately preceding the Scheduled Maturity Date (or, if none the Interest Commencement Date) to (but excluding) the Scheduled Maturity Date but shall only be obliged to make such payment of interest on the CLN Maturity Date and no further or other amount in respect of interest shall be payable and no additional amount shall be payable in respect of such delay.

For the avoidance of doubt, if the Conditions to Settlement are satisfied during the Notice Delivery Period, the Issuer's obligation to pay any amount of interest shall be determined in accordance with Note Condition 4(h).

## 9. Partial Cash Settlement

If all or a portion of the Undeliverable Obligations or Hedge Disruption Obligations comprising the Entitlement are not Delivered for whatever reason by the Final Delivery Date, the Calculation Agent shall give notice (a "Partial Cash Settlement Notice") to the Issuer, as applicable, and the Issuer shall pay in respect of each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, the Partial Cash Settlement Amount on the Partial Cash Settlement Date. For the avoidance of doubt, the failure by the Issuer to Deliver all or such portion of the Undeliverable Obligations comprising the Entitlement on or prior to the Final Delivery Date shall not constitute an Event of Default.

Unless otherwise specified in the applicable Final Terms, for the purposes of this Credit Linked Condition 9 the following terms are deemed to have the following meanings:

**"Indicative Quotation"** means, in accordance with the Quotation Method, each quotation obtained from a Quotation Dealer at the Valuation Time for (to the extent reasonably practicable) an amount of the Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, equal to the Quotation Amount, which reflects such Quotation Dealer's reasonable assessment of the price of such Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, based on such factors as such Quotation Dealer may consider relevant, which may include historical prices and recovery rates.

**"Market Value"** means, with respect to an Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, on a Valuation Date, (i) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the same highest and lowest values (and, if more than one such Full Quotations have the same highest or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (ii) if exactly three Full Quotations are obtained, the Full Quotations remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (iii) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (iv) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (v) if Indicative Quotations are specified as applying in the applicable Final Terms and exactly three Indicative Quotations are obtained, the Indicative Quotation remaining after disregarding the highest and lowest Indicative Quotations (and, if more than one such Indicative Quotations have the same highest or lowest value, then one of such highest or lowest Indicative Quotations shall be disregarded); (vi) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) then, subject to paragraph (ii) of the definition of "Quotation" below, an amount as determined by the Calculation Agent on the next Business Day on which two or more Full Quotations or a Weighted Average Quotation or, if applicable, three Indicative Quotations are obtained; and (vii) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained (and, if Indicative Quotations are applicable, fewer than three Indicative Quotations are obtained) on the same Business Day on or prior to the tenth Business Day following the Valuation Date, the Market Value shall be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.

**“Partial Cash Settlement Amount”** is deemed to be, for each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, an amount calculated by the Calculation Agent equal to the greater of (i) (A) the Outstanding Principal Balance, the Due and Payable Amount or the Currency Amount, as applicable, of each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, multiplied by (B) the Final Price with respect to such Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, less (C) Unwind Costs, if any (but excluding any Unwind Costs already taken into account in calculating the relevant Entitlement), and (ii) zero.

**“Partial Cash Settlement Date”** is deemed to be the date falling three Business Days after the calculation of the Final Price;

**“Quotation”** means each Full Quotation, the Weighted Average Quotation and, if Indicative Quotations are specified as applying in the applicable Final Terms, each Indicative Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:

- (i) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Quotation Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Quotation Dealers, and, if two or more Full Quotations are not available, a Weighted Average Quotation. If two or more such Full Quotations or a Weighted Average Quotation are not available on any such Business Day and Indicative Quotations are specified as applying in the applicable Final Terms, the Calculation Agent shall attempt to obtain three Indicative Quotations from five or more Quotation Dealers.
- (ii) If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation (or, if Indicative Quotations are specified as applying in the applicable Final Terms, three Indicative Quotations) on the same Business Day on or prior to the tenth Business Day following the Valuation Date, the Quotations shall be deemed to be any Full Quotation obtained from a Quotation Dealer at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations (or, if applicable, Indicative Quotations) for the Undeliverable Obligation or Hedge Disruption Obligation, as the case may be, obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations (or, if applicable, Indicative Quotations) were not obtained on such day.
- (iii) The Calculation Agent shall determine, based on the then current market practice in the market of the relevant Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.
- (iv) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the Outstanding Principal Balance for the purposes of determining the Final Price.

**“Quotation Amount”** is deemed to be, with respect to each type or issue of Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, an amount equal to the Outstanding Principal Balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable



manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained), as applicable, of such Undeliverable Obligation or Hedge Disruption Obligations, as the case may be. The Calculation Agent may in its sole discretion round up or down the Quotation Amount for the purposes of seeking a Quotation.

“**Quotation Method**” is deemed to be Bid.

“**Reference Obligation**” is deemed to be each Undeliverable Obligation or Hedge Disruption Obligation, as the case may be.

“**Valuation Method**” is deemed to be Highest unless fewer than two Full Quotations are obtained or a Weighted Average Quotation applies (or, if applicable, Indicative Quotations), in which case “Valuation Method” is deemed to be Market Value.

“**Valuation Time**” is the time specified as such in the applicable Final Terms, or, if no time is so specified, 11:00 a.m. in the principal trading market for the Undeliverable Obligation or Hedge Disruption Obligation, as the case may be.

“**Weighted Average Quotation**” means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the Undeliverable Obligation or Hedge Disruption Obligations, as the case may be, with an Outstanding Principal Balance of as large a size as available but less than the Quotation Amount that in aggregate are approximately equal to the Quotation Amount.

#### **10. Redemption following a Merger Event**

If this Credit Linked Condition 10 is specified as applicable in the applicable Final Terms, in the event that in the determination of the Calculation Agent a Merger Event has occurred, the Issuer may give notice to the Holders in accordance with Note Condition 13 and redeem all but not some only of the Notes at the Merger Event Redemption Amount on the Merger Event Redemption Date.

#### **11. Credit Event Notice after Restructuring Credit Event**

If this Credit Linked Condition 11 is specified as applicable in the applicable Final Terms, then, notwithstanding anything to the contrary in the Terms and Conditions, upon satisfaction of the Conditions to Settlement during the Notice Delivery Period in respect of a Restructuring Credit Event in respect of which “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation” is specified as applicable (or deemed to be applicable) in the applicable Final Terms:

- (a) the Calculation Agent may deliver a Credit Event Notice in respect of an amount (the “Partial Redemption Amount”) that is less than the principal amount outstanding of each Note immediately prior to the delivery of such Credit Event Notice. In such circumstances the Credit Linked Conditions and related provisions shall be deemed to apply to the Partial Redemption Amount only and each such Note shall be redeemed in part (such redeemed part being equal to the Partial Redemption Amount).
- (b) For the avoidance of doubt (A) the principal amount of each such Note not so redeemed in part shall remain outstanding and interest shall accrue on the principal amount outstanding of such Note as provided in Note Condition 4 (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate), (B) the Credit Linked Conditions and related provisions shall apply to such principal amount outstanding of such Note in the event that subsequent Credit Event Notices are delivered in respect of the Reference Entity that was the subject of the Restructuring Credit Event and (C) once a Credit Event Notice with respect to a Restructuring Credit Event has been

delivered in respect of a Reference Entity, no further Credit Event Notices may be delivered in respect of any Reference Entity other than the Reference Entity that was the subject of the Restructuring Credit Event.

- (c) If the provisions of this Credit Linked Condition 11(a) apply in respect of the Credit Linked Notes, on redemption of part of each such Credit Linked Note the relevant Credit Linked Note or, if the Credit Linked Notes are represented by a Global Note, such Global Note, shall be endorsed to reflect such part redemption.

## **12. Multiple Holder Obligation**

If this Credit Linked Condition 12 is specified as applicable (or deemed to be applicable) in the applicable Final Terms, notwithstanding anything to the contrary in the definition of Restructuring and related provisions, the occurrence of, agreement to, or announcement of, any of the events described in sub-paragraphs (i) to (v) of the definition of “Restructuring” in Credit Linked Condition 2 shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation provided that any Obligation that is a Bond shall be deemed to satisfy the requirement in part (ii) of the definition of “Multiple Holder Obligation” below.

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

## **13. Successors**

- (a) Where a Succession Event has occurred and more than one Successor has been identified, the Credit Linked Notes will be equally divided into such number of notional Credit Linked Notes as there are Successors and each Successor will be the Reference Entity for the purposes of such Credit Linked Note. These Credit Linked Conditions shall be deemed to apply to such Credit Linked Notes and shall be construed accordingly.
- (b) Where a Credit Event occurs in respect of a Reference Entity after such a Succession Event, the provisions of these Credit Linked Conditions shall be deemed to apply to the nominal amount represented by that Reference Entity only (the “Partial Principal Amount”) and all the provisions shall be construed accordingly. Each Note shall thereafter be redeemed in part (such redeemed part being equal to its pro rata share of the Partial Principal Amount).
- (c) The Notes shall remain outstanding in an amount equal to the outstanding principal amount of the Credit Linked Notes minus the Partial Principal Amount (such amount, the “Remaining Amount”) and interest shall accrue, on the Remaining Amount as provided for in Note Condition 4 (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate).
- (d) Any determinations (including (without limitation) as to the division of the Credit Linked Notes) and any adjustment to the applicable Final Terms relating to, connected with or as a result of a Succession Event shall be made by the Calculation Agent in its sole discretion (provided that if such determinations have been made by the relevant Credit Derivatives Determinations Committee, then the Calculation Agent shall, unless (x) otherwise provided for in the applicable Final Terms or (y) “Calculation Agent Determination” is specified as applicable in the applicable Final Terms, be bound by such determinations) and, in the absence of manifest error, shall be conclusive and binding on all Holders. The applicable Final Terms may be amended and restated from time to time to reflect the effect of a Succession Event without the consent of the Holders and the Holders are deemed to agree to this provision by the purchase of the Notes.

**14. Provisions taken from the ISDA supplement titled “Additional Provisions for Physically Settled Default Swaps – Monoline Insurer as Reference Entity (January 2005)”**

If Credit Linked Condition 14 is specified as applicable in the applicable Final Terms, the following provisions will apply:

- (a) **Obligation and Deliverable Obligation.** Paragraph (a) of the definition of “Obligation” in Credit Linked Condition 2 and paragraph (a) of the definition of “Deliverable Obligation” in Credit Linked Condition 2 are hereby amended by adding “or Qualifying Policy” after “or as provider of a Qualifying Affiliate Guarantee”.
- (b) **Interpretation of Provisions.** In the event that an Obligation or a Deliverable Obligation is a Qualifying Policy, paragraph (B) of the definition of “Deliverable Obligation” in Credit Linked Condition 2 will apply, with references to the “Qualifying Guarantee”, the “Underlying Obligation” and the “Underlying Obligor” deemed to include the “Qualifying Policy”, the “Insured Instrument” and the “Insured Obligor”, respectively, except that:
  - (i) the Obligation Category Borrowed Money and the Obligation Category and Deliverable Obligation Category Bond shall be deemed to include distributions payable under an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the Deliverable Obligation Category Bond shall be deemed to include such an Insured Instrument, and the terms “obligation” and “obligor” as used in the Credit Linked Conditions in respect of such an Insured Instrument shall be construed accordingly;
  - (ii) references in the definitions of “Assignable Loan” and “Consent Required Loan” to “the “guarantor” and “guaranteeing” shall be deemed to include “the “insurer” and “insuring”, respectively;
  - (iii) neither the Qualifying Policy nor the Insured Instrument must satisfy on the relevant date the Deliverable Obligation Characteristic of Accelerated or Matured, whether or not that characteristic is otherwise specified as applicable in the applicable Final Terms;
  - (iv) if the Assignable Loan, Consent Required Loan, Direct Loan Participation or Transferable Deliverable Obligation Characteristics are specified in the applicable Final Terms and if the benefit of the Qualifying Policy is not transferred as part of any transfer of the Insured Instrument, the Qualifying Policy must be transferable at least to the same extent as the Insured Instrument; and
  - (v) with respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term “Outstanding Principal Balance” shall mean the outstanding Certificate Balance and “maturity”, as such term is used in the Maximum Maturity Deliverable Obligation Characteristic, shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur.
- (c) **Not Contingent.** An Insured Instrument will not be regarded as failing to satisfy the Not Contingent Deliverable Obligation Characteristic solely because such Insured Instrument is subject to provisions limiting recourse in respect of such Insured Instrument to the proceeds of specified assets (including proceeds subject to a priority of payments) or reducing the amount of any Instrument Payments owing under such Insured Instrument, provided that such provisions are not applicable to the Qualifying Policy by the terms thereof and the Qualifying Policy continues to guarantee or insure, as applicable, the Instrument Payments that would have been required to be made absent any such

limitation or reduction. By specifying that this Credit Linked Condition 14 is applicable, no inference should be made as to the interpretation of the “Not Contingent” Deliverable Obligation Characteristic in the context of limited recourse or similar terms applicable to Deliverable Obligations other than Qualifying Policies.

- (d) Deliver. For the purposes of the definition of “Deliver” in Credit Linked Condition 2, “Deliver” with respect to an obligation that is a Qualifying Policy means to Deliver both the Insured Instrument and the benefit of the Qualifying Policy (or a custodial receipt issued by an internationally recognized custodian representing an interest in such an Insured Instrument and the related Qualifying Policy), and “Delivery” and “Delivered” will be construed accordingly.
- (e) Provisions for Determining a Successor. The paragraph commencing “For the purposes of this definition of “Successor” ... “ in the definition of “Successor” in Credit Linked Condition 2 is hereby amended by adding “or insurer” after “or guarantor”.
- (f) Substitute Reference Obligation. The first paragraph of the definition of “Substitute Reference Obligation” and paragraph (b) thereof in Credit Linked Condition 2 is hereby amended by adding “or Qualifying Policy” after “or as provider of a Qualifying Affiliate Guarantee”. For the purposes of sub-paragraph (a)(ii)(B) of the definition of “Substitute Reference Obligation”, references to “the Qualifying Guarantee” and the “Underlying Obligation” shall be deemed to include “the Qualifying Policy” and “the Insured Instrument” respectively.
- (g) Restructuring
  - (i) With respect to an Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest or a Qualifying Policy with respect thereto, paragraphs (i) to (v) inclusive of the definition of “Restructuring” in Credit Linked Condition 2 are hereby amended to read as follows:
    - “(i) a reduction in the rate or amount or the Instrument Payments in clause (A)(x) of the definition thereof that are guaranteed or insured by the Qualifying Policy;
    - (ii) a reduction in the amount of the Instrument Payments described in clause (A)(y) of the definition thereof that are guaranteed or insured by the Qualifying Policy;
    - (iii) a postponement or other deferral of a date or dates for either (x) the payment or accrual of the Instrument Payments described in clause (A)(x) of the definition thereof or (y) the payment of the Instrument Payments described in clause (A)(y) of the definition thereof, in each case that are guaranteed or insured by the Qualifying Policy;
    - (iv) a change in the ranking in priority of payment of (x) any Obligation under a Qualifying Policy in respect of Instrument Payments, causing the Subordination of such Obligation to any other Obligation or (y) any Instrument Payments, causing the Subordination of such Insured Instrument to any other instrument in the form of a pass-through certificate or similar funded beneficial interest issued by the Insured Obligor, it being understood that, for this purpose, Subordination will be deemed to include any such change that results in a lower ranking under a priority of payments provision applicable to the relevant Instrument Payments; or

- (v) any change in the currency or composition of any payment of Instrument Payments that are guaranteed or insured by the Qualifying Policy to any currency which is not a Permitted Currency.”
- (ii) Paragraph (c) of the definition of “Restructuring” in Credit Linked Condition 2 is hereby amended by adding “or, in the case of a Qualifying Policy and an Insured Instrument, where (A) the Qualifying Policy continues to guarantee or insure, as applicable, that the same Instrument Payments will be made on the same dates on which the Qualifying Policy guaranteed or insured that such Instrument Payments would be made prior to such event and (B) such event is not a change in the ranking in the priority of payment of the Qualifying Policy” after “Reference Entity”.
- (iii) The definition of “Restructuring” in Credit Linked Condition 2 is hereby amended by the insertion of the following paragraph after the final paragraph thereof:
 

“For purposes of the definition of “Restructuring” in Credit Linked Condition 2 and if Credit Linked Condition 14 is specified as applying in the applicable Final Terms, for the purposes of the Credit Linked Conditions the term Obligation shall be deemed to include Insured Instruments for which the Reference Entity is acting as provider of a Qualifying Policy. In the case of a Qualifying Policy and an Insured Instrument, references to the Reference Entity in the definition of “Restructuring” shall be deemed to refer to the Insured Obligor and the reference to the Reference Entity in paragraphs (a) to (c) inclusive in the definition of “Restructuring” shall continue to refer to the Reference Entity.”
- (h) Fully Transferable Obligation and Conditionally Transferable Obligation. In the event that “Restructuring Maturity Limitation and Fully Transferable Obligation” and/or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation” is specified as applying in the applicable Final Terms and a Fully Transferable Obligation or Conditionally Transferable Obligation is a Qualifying Policy, the Insured Instrument must meet the requirements of the relevant definition. References in the definition of “Conditionally Transferable Obligation” to the “guarantor” and “guaranteeing” shall be deemed to include “the “insurer” and “insuring” respectively. With respect to an Insured Instrument in the form of a pass-through certificate or similar funded beneficial interest, the term “final maturity date”, as such term is used in Credit Linked Condition 5 and the definition of “Restructuring Maturity Limitation Date”, shall mean the specified date by which the Qualifying Policy guarantees or insures, as applicable, that the ultimate distribution of the Certificate Balance will occur.
- (i) Other Provisions. For purposes of paragraph (a)(ii) of the definition of “Deliverable Obligation” and the definitions of “Credit Event” and “Deliver” in Credit Linked Condition 2, references to the “Underlying Obligation” and the “Underlying Obligor” shall be deemed to include “Insured Instruments” and the “Insured Obligor” respectively.
- (j) Additional Definitions.

“**Qualifying Policy**” means a financial guaranty insurance policy or similar financial guarantee pursuant to which a Reference Entity irrevocably guarantees or insures all Instrument Payments of an instrument that constitutes Borrowed Money (modified as set forth in this Credit Linked Condition 13) (the “Insured Instrument”) for which another party (including a special purpose entity or trust) is the obligor (the “Insured Obligor”). Qualifying Policies shall exclude any arrangement (i) structured as a surety bond, letter of credit or equivalent legal arrangement or (ii) pursuant to the express contractual terms of which the payment obligations of the Reference Entity can be discharged or reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than the payment of Instrument Payments);

**“Instrument Payments”** means (A) in the case of any Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, (x) the specified periodic distributions in respect of interest or other return on the Certificate Balance on or prior to the ultimate distribution of the Certificate Balance and (y) the ultimate distribution of the Certificate Balance on or prior to a specified date and (B) in the case of any other Insured Instrument, the scheduled payments of principal and interest, in the case of both (A) and (B) (1) determined without regard to limited recourse or reduction provisions of the type described in Credit Linked Condition 14(c) above and (2) excluding sums in respect of default interest, indemnities, tax gross-ups, make-whole amounts, early redemption premiums and other similar amounts (whether or not guaranteed or insured by the Qualifying Policy).

**“Certificate Balance”** means, in the case of an Insured Instrument that is in the form of a pass-through certificate or similar funded beneficial interest, the unit principal balance, certificate balance or similar measure of unreimbursed principal investment.

**15. Provisions taken from the ISDA supplement titled Additional Provisions for LPN Reference Entities (published on 3rd October, 2006)**

If Credit Linked Condition 15 is specified as applicable in the applicable Final Terms, notwithstanding anything to the contrary in the Credit Linked Conditions, the following provisions will apply:

- (a) Provisions relating to Multiple Holder Obligation will be deemed to be Not Applicable with respect to any Reference Obligation (and any Underlying Loan);
- (b) each Reference Obligation will be an Obligation, notwithstanding anything to the contrary in the Credit Linked Conditions including, but not limited to the definition of “Obligation” in Credit Linked Condition 2, and in particular, notwithstanding that the obligation is not an obligation of the Reference Entity;
- (c) each Reference Obligation will be a Deliverable Obligation notwithstanding anything to the contrary in the Credit Linked Conditions including, but not limited to the definition of “Deliverable Obligation” in Credit Linked Condition 2 and in particular, notwithstanding that the obligation is not an obligation of the Reference Entity.

For the avoidance of doubt with respect to any LPN Reference Obligation that specifies an Underlying Loan or an Underlying Finance Instrument, the outstanding principal balance shall be determined by reference to the Underlying Loan or Underlying Finance Instrument (as applicable) relating to such LPN Reference Obligation.

The Not Subordinated Obligation Characteristic and Deliverable Obligation Characteristic shall be construed as if no Reference Obligation was specified in respect of the Reference Entity; (d) the definition of Reference Obligation shall be deleted and the following substituted therefor:

**“Reference Obligation”** means, as of the Trade Date, each of the obligations listed as a Reference Obligation of the Reference Entity in the applicable Final Terms or set forth on the relevant LPN Reference Obligations List (each a “Markit Published LPN Reference Obligation”), as published by Markit Group Limited, or any successor thereto, which list is as of the Trade Date available at <http://www.markit.com/marketing/services.php>, any Additional LPN and each Additional Obligation; and (e) the following additional definitions shall apply:

**“Additional LPN”** means any bond issued in the form of a loan participation note (a “LPN”) by an entity (the “LPN Issuer”) for the sole purpose of providing funds for the LPN Issuer to (a) finance a loan to the Reference Entity (the “Underlying Loan”) or (b) provide finance to the Reference Entity by way of a deposit, loan or other Borrowed Money instrument (the “Underlying Finance Instrument”), provided that (i) either (x) in the event that there is an Underlying Loan with respect to such LPN the Underlying Loan satisfies the Obligation Characteristics specified in

respect of the Reference Entity or (y) in the event that there is an Underlying Finance Instrument with respect to such LPN the Underlying Finance Instrument satisfies the Not Subordinated, Not Domestic Law and Not Domestic Currency Obligation Characteristics; (ii) the LPN satisfies the following Deliverable Obligation Characteristics: Transferable, Not Bearer, Credit Linked Specified Currency – Standard Specified Currencies, Not Domestic Law, Not Domestic Issuance; and (iii) the LPN Issuer has, as of the issue date of such obligation, granted a First Ranking Interest over or in respect of certain of its rights in relation to the relevant Underlying Loan or Underlying Finance Instrument (as applicable) for the benefit of the holders of the LPNs.

“**Additional Obligation**” means each of the obligations listed as an Additional Obligation of the Reference Entity in the applicable Final Terms or set forth on the relevant LPN Reference Obligations List, as published by Markit Group Limited, or any successor thereto, as of the Trade Date, which list is currently available at <http://www.markit.com/marketing/services.php>.

“**First Ranking Interest**” means a charge, security interest (or other type of interest having similar effect) (an “Interest”), which is expressed as being “first ranking”, “first priority”, or similar (“First Ranking”) in the document creating such Interest (notwithstanding that such Interest may not be First Ranking under any insolvency laws of any related insolvency jurisdiction of the LPN Issuer).

“**LPN Reference Obligation**” means each Reference Obligation other than any Additional Obligation.

For the avoidance of doubt, any change to the issuer of an LPN Reference Obligation in accordance with its terms shall not prevent such LPN Reference Obligation constituting a Reference Obligation.

Each LPN Reference Obligation is issued for the sole purpose of providing funds for the Issuer to finance a loan to the Reference Entity. For the purposes of the Credit Linked Conditions each such loan shall be an Underlying Loan.

## **16. Deliverable Obligations Portfolio Valuation**

If Credit Linked Condition 16 is specified as applicable in the applicable Final Terms:

- (a) notwithstanding anything to the contrary in the Credit Linked Conditions, “Reference Obligation” shall mean:
  - (i) any obligation of a Reference Entity (either directly, as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) determined pursuant to the method described in “(A) Method for Determining Deliverable Obligations” above (but excluding any Excluded Deliverable Obligation specified in the applicable Final Terms) that (i) is payable in an amount equal to its Outstanding Principal Balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in paragraphs (a) to (d) of the definition of “Credit Event” above) or right of set-off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Valuation Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the Quotation Amount apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;
  - (ii) each Benchmark Obligation specified in the applicable Final Terms; and

- (iii) any Substitute Benchmark Obligation, as selected by the Calculation Agent in its sole and absolute discretion and notified to the Issuer (a “Reference Obligation Notification”) on or prior to the relevant Valuation Date.

In each case the Reference Obligation Notification shall describe the selected Reference Obligation in reasonable detail and shall specify the title or designation, maturity date and coupon rate. The Calculation Agent may at any time after delivering a Reference Obligation Notification but prior to the Valuation Time on the Valuation Date deliver a further Reference Obligation Notification which shall replace all prior Reference Obligation Notifications in relation to any additional or replacement Reference Obligation specified therein.

For the avoidance of doubt the Calculation Agent shall be entitled to select any of the Reference Obligations for the purposes of calculating the Final Price irrespective of their market value and, provided that the selected obligation(s) satisfy the Deliverable Obligation Category and Deliverable Obligation Characteristics on the date of selection, such obligation(s) may constitute the Reference Obligation for the purposes hereof notwithstanding that this is not the case subsequent to such date.

- (b) The definition of “Substitute Reference Obligation” in Credit Linked Condition 2 shall be amended so that each reference to “Substitute Reference Obligation” and “Reference Obligation” is replaced by reference to a “Substitute Benchmark Obligation” and a “Benchmark Obligation” respectively, provided that once a Benchmark Obligation has been specified as a Reference Obligation the definition of “Substitute Reference Obligation” shall not apply with respect to such Benchmark Obligation.
- (c) Paragraph (B)(1)(a) of the definition of “Obligation” in Credit Linked Condition 2 shall be deleted and the following substituted therefor:

“**Not Subordinated**” means an obligation that is not Subordinated to (A) any unsubordinated Borrowed Money obligation of the Reference Entity or (B) the Benchmark Obligation. For purposes of determining whether an obligation satisfies the “Not Subordinated” Obligation Characteristic or Deliverable Obligation Characteristic, the ranking in priority of payment of each Benchmark Obligation shall be determined as of the later of (I) the Trade Date specified in the applicable Final Terms and (II) the date on which such Benchmark Obligation was issued or incurred and shall not reflect any change to such ranking in priority of payment after such later date.
- (d) For purposes of the Credit Linked Conditions:
  - (i) each reference in the Credit Linked Conditions to “a Deliverable Obligation” and “the Deliverable Obligation” shall be deemed to be a reference to “a Reference Obligation” and “the Reference Obligation” respectively; and
  - (ii) each reference in the Credit Linked Conditions to “a Delivery Date” and “the Delivery Date” shall be deemed to be a reference to the date of selection of the relevant Reference Obligation, except that the words “the Delivery Date or” shall be deleted in the definition of “Accreted Amount” Credit Linked Condition 2.
- (e) For the avoidance of doubt, if Credit Linked Condition 16 is specified as applicable in the applicable Final Terms Credit Linked Condition 5 is not applicable and the Notes shall, following the satisfaction of the Conditions to Settlement during the Notice Delivery Period, be settled in accordance with Credit Linked Condition 4, and these Credit Linked Conditions shall be construed accordingly.



## **17. Nth-to-Default Notes**

Where the Notes are Nth-to-Default Notes:

- (a) where a Succession Event has occurred in respect of a Reference Entity (other than a Reference Entity in respect of which an Event Determination Date has occurred) and more than one Successor has been identified, the applicable Notes will be equally divided into a number of notional Credit Linked Notes as there are Successors. Each such notional Credit Linked Notes shall include a Successor and each and every one of the Reference Entities unaffected by such Succession Event shall apply thereto;
- (b) if “Substitution” is specified as not being applicable in the applicable Final Terms, where any Reference Entity (the “Surviving Reference Entity”) (other than a Reference Entity that is subject to the Succession Event) would be a Successor to any other Reference Entity (the “Legacy Reference Entity”) pursuant to a Succession Event, such Surviving Reference Entity shall be deemed to be a Successor to the Legacy Reference Entity; and
- (c) if “Substitution” is specified as being applicable in the Final Terms, where any Reference Entity (the “Surviving Reference Entity”) (other than a Reference Entity that is subject to the Succession Event) would be a Successor to any other Reference Entity (the “Legacy Reference Entity”) pursuant to a Succession Event:
  - (i) such Surviving Reference Entity shall be deemed not to be a Successor to the Legacy Reference Entity; and
  - (ii) the Replacement Reference Entity shall be deemed to be a Successor to the Legacy Reference Entity.

## **18. Physical Settlement Matrix**

Where a Transaction Type is specified in the applicable Final Terms in respect of any Reference Entity, then the provisions of such Final Terms shall apply with respect to such Reference Entity in accordance with the Physical Settlement Matrix as it applies to such Transaction Type, as though such Physical Settlement Matrix were set out in full in such Final Terms.

## **19. Notices to Holders**

The Issuer shall, upon receiving any of the following notices from the Calculation Agent, as soon as practicable forward a copy of such notice(s) to the Holders of the relevant Notes:

- (a) an Extension Notice;
- (b) a Cancellation Notice;
- (c) a Credit Event Notice;
- (d) a Notice of Publicly Available Information;
- (e) an Officer’s Certificate;
- (f) a determination by the Calculation Agent of a Successor or a Succession Event (including any Succession Event Notice);
- (g) a Notice of Physical Settlement;
- (h) a NOPS Amendment Notice;

- (i) a Partial Cash Settlement Notice;
- (j) any notification by the Calculation Agent to the Issuer that the Physical Settlement Period shall be less than ten Business Days;
- (k) a Notice to Exercise Movement Option; and
- (l) (where “Calculation Agent Determination” is specified as being applicable in the applicable Final Terms) any notification from the Calculation Agent that it will apply a DC Resolution for the purposes of the relevant Notes.

## **20. Calculation Agent**

Any determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent pursuant to the Credit Linked Conditions and related provisions shall (in the absence of manifest error) be final and binding on the Issuer and the Holders and shall be without liability on the part of the Calculation Agent and without the Calculation Agent being obliged to consider the interests of the Issuer or the Holders. In performing its duties pursuant to the Credit Linked Conditions, the Calculation Agent shall act in its sole and absolute discretion. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or its discretion under the Credit Linked Conditions including, without limitation, the giving of any notice by it to any person, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and none of the Calculation Agent, the Issuer shall, in the absence of willful misconduct and gross negligence, bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

For the avoidance of doubt, if the applicable Final Terms specify that “Calculation Agent Determination” is applicable, then notwithstanding any provision in these Credit Linked Conditions, the Issuer and the Calculation Agent shall not be bound to (although they may in their sole discretion) apply any DC Resolution to the Notes and unless the Calculation Agent notifies the Issuer that any DC Resolution shall apply to the Notes, the Credit Linked Conditions and the relevant Notes shall be construed as if the relevant DC Resolution and the relevant DC Question was not made. If the Calculation Agent notifies the Issuer that any DC Resolution shall apply to the Notes, the Calculation Agent shall have the power to amend or otherwise adjust any provision of these Credit Linked Notes or the relevant Notes (including, without limitation any provision relating to the timing of notices hereunder) to account for the application of such DC Resolution.

## **21. Change in Market Convention**

The Calculation Agent may from time to time amend any provision of these Credit Linked Conditions or the Notes to incorporate and/or reflect further or alternative documents from time to time published by ISDA with respect to the settlement of credit derivative transactions and/ or the operation or application of determinations by the ISDA Credit Derivatives Determinations Committees which the Calculation Agent and the Issuer determine in a commercially reasonable manner are necessary to reflect market practice for credit derivative transactions. The applicable Final Terms may be amended and restated from time to time to reflect such changes in market convention without the consent of the Holders and the Holders are deemed to agree to this provision by the purchase of the Notes.

## **22. Additional Provisions**

If one or more amendments or adjustments to these Credit Linked Conditions are required for one or more Series of Credit Linked Notes, including any issue of Nth-to-Default Credit Linked Notes or leveraged Credit Linked Notes, the applicable Final Terms shall set out such amendments or

adjustments to these Credit Linked Conditions that are necessary in order to take account of the nature of such Notes and these Credit Linked Conditions shall be construed accordingly.

**ANNEX 5**  
**ADDITIONAL TERMS AND CONDITIONS FOR FUND LINKED NOTES**

The terms and conditions applicable to Fund Linked Notes shall comprise the terms and conditions of the Notes (the “Note Conditions”) and the Additional Terms and Conditions for Fund Linked Notes set out below (the “Fund Linked Conditions”), in each case subject to completion and/or amendment in the applicable Final Terms. In the event of any inconsistency between the Note Conditions and the Fund Linked Conditions, the Fund Linked Conditions shall prevail. In the event of any inconsistency between (i) the Note Conditions and/or the Fund Linked Conditions and (ii) the applicable Final Terms, the applicable Final Terms shall prevail.

**1. General Definitions**

“**Averaging Date**” means, in respect of an Actual Exercise Date, each date specified as an Averaging Date in the applicable Final Terms.

“**Valuation Date**” means each Valuation Date specified in the applicable Final Terms.

**2. Provisions relating to Funds other than Exchange Traded Funds**

Fund Linked Conditions 3, 4 and 5 apply in respect of Funds other than Exchange Traded Funds.

**3. Definitions (Funds other than Exchange Traded Funds)**

“**Basket of Funds**” means a basket composed of Funds in the relative proportions or number of Funds, as specified in the applicable Final Terms.

“**Fund**” means, subject to adjustment in accordance with these Fund Linked Conditions, each fund specified in the applicable Final Terms and related expressions shall be construed accordingly.

“**Fund Administrator**” means the fund administrator, manager, trustee or similar person with the primary administrative responsibilities for a Fund according to the relevant Fund Documents.

“**Fund Adviser**” means any person appointed in the role of discretionary investment manager or non-discretionary investment adviser (including a non-discretionary investment adviser to a discretionary investment manager or to another non-discretionary investment adviser).

“**Fund Documents**” means the constitutive and governing documents, subscription agreements and other agreements of a Fund specifying the terms and conditions relating to the related Fund Interest, as amended from time to time.

“**Fund Interest**” means, subject to adjustment in accordance with these Fund Linked Conditions, each fund interest specified in the applicable Final Terms and related expressions shall be construed accordingly.

“**Fund Redemption Valuation Date**” means, in respect of a Fund Interest, the date as of which a Fund (or its Fund Service Provider that generally determines such value) would determine the net asset value of such Fund Interest for purposes of calculating the redemption proceeds to be paid to a Hypothetical Investor that has submitted a valid and timely notice for redemption of Fund Interests based on the value determined as of such date.

“**Fund Service Provider**” means any person who is appointed to provide services, directly or indirectly, to a Fund, whether or not specified in the relevant Fund Documents, including without limitation any Fund Administrator, Fund Adviser, operator, management company, depository, custodian, sub-custodian, prime broker, administrator, trustee, registrar and transfer agent or domiciliary agent.

“**Fund Valuation Date**” means a date as of which a Fund (or its Fund Service Provider that generally determines such value) determines the value of the related Fund Interest.

“**Hypothetical Investor**” means a hypothetical or actual investor (as determined by the Calculation Agent in the context of the relevant situation) in Fund Interests which is deemed to have the benefits and obligations, as provided in the relevant Fund Documents, of an investor holding Fund Interests at the relevant time. The Hypothetical Investor may be deemed by the Calculation Agent to be resident or organized in any jurisdiction, and to be, without limitation, the Issuer, the Calculation Agent or any of their affiliates (as determined by the Calculation Agent in the context of the relevant situation).

“**Removal Date**” means, in respect of an Affected Fund Interest, the date on which the Calculation Agent determines that a Hypothetical Investor would receive the Removal Value in respect of a redemption or realization of such Affected Fund Interest effected as soon as reasonably practicable following the occurrence of the relevant Fund Event.

“**Removal Value**” means, in respect of an Affected Fund Interest, the amount that the Calculation Agent determines a Hypothetical Investor would receive in cash on the redemption or realization of such Affected Fund Interest at the relevant time, provided that if any such redemption proceeds would comprise non-monetary assets the Removal Value may, at the sole and absolute discretion of the Calculation Agent, include only such amount (if any) that the Calculation Agent determines would be received by the Hypothetical Investor in respect of a realization (in whatsoever manner the Calculation Agent determines appropriate) of such non-monetary assets as soon as reasonably practicable after their receipt.

“**Scheduled Fund Redemption Valuation Date**” means the date as of which a Fund (or its Fund Service Provider that generally determine such value) is scheduled, according to the relevant Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Fund to delay or refuse redemption of Fund Interests), to determine the net asset value of the related Fund Interest for purposes of calculating the redemption proceeds to be paid to an investor that has submitted a valid and timely notice for redemption of Fund Interests based on the value determined as of such date.

“**Scheduled Fund Valuation Date**” means, in respect of a Fund Interest, a date as of which the related Fund (or its Fund Service Provider that generally determines such value) is scheduled, according to the relevant Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Fund to delay or refuse redemption of Fund Interests), to determine the value of the related Fund Interest or, if the Fund only reports its aggregate net asset value, the date as of which such Fund is scheduled to determine its aggregate net asset value.

#### 4. **Fund Events**

“**Fund Event**” means the occurrence of each of an Additional Fund Disruption Event, a Fund Disruption Event and/or a Fund Extraordinary Event as determined by the Calculation Agent.

(a) “**Additional Fund Disruption Event**” means each of Change in Law, Fund Hedging Disruption or Increased Cost of Hedging.

“**Change in Law**” means that, on or after the Trade Date (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law) or an Announced Prospective Change, or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer or any of its affiliates or agents acting on its behalf determines in good faith that (x) it has become illegal to hold, acquire or dispose of any Fund Interests, or (y) the Issuer will incur (or, in the case of an Announced Prospective Change and assuming that such

Announced Prospective Change becomes effective as of the date specified in such announcement and in the form announced, would incur) a materially increased cost in performing its obligations under the Fund Linked Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position).

**“Fund Hedging Disruption”** means that the Issuer or any of its Affiliates or agents is unable, or it is impractical for the Issuer or any of its Affiliates or agents, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset it deems necessary or appropriate to hedge the price risk relating to any Fund Interest of the Issuer issuing and performing its obligations with respect to the Fund Linked Notes, or (ii) realize, recover or remit the proceeds of any such transaction or asset, including, without limitation, where such inability or impracticability has arisen by reason of (x) any restrictions or increase in charges or fees imposed by a Fund on an investor’s ability to redeem the related Fund Interest, in whole or in part, or any existing or new investor’s ability to make new or additional investments in such Fund Interest, or (y) any mandatory redemption, in whole or in part, of a Fund Interest imposed by the related Fund (in each case other than any restriction in existence on the Trade Date or, in respect of a Replacement Fund Interest, the relevant replacement date).

**“Increased Cost of Hedging”** means that the Issuer or any of its Affiliates or agents would incur a materially increased (as compared with circumstances existing on the Issue Date) amount of tax, duty, expense or fee (other than brokerage commissions) or cost of capital or capital to be set aside to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the price risk relating to any Fund Interest of the Issuer issuing and performing its obligations with respect to the Fund Linked Notes, or (ii) realize, recover or remit the proceeds of any transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer shall not be deemed an Increased Cost of Hedging.

- (b) **“Fund Disruption Event”** means at any time the occurrence or continuance of any of the following events, as determined by the Calculation Agent in its sole and absolute discretion, if the Calculation Agent determines any such event is material:
- (i) **Fund Valuation Disruption:** “Fund Valuation Disruption” means (x) the failure of a Scheduled Fund Redemption Valuation Date in respect of a Fund Interest to be a Fund Redemption Valuation Date in respect of such Fund Interest or any continued postponement of such Fund Redemption Valuation Date, or (y) the failure of a Scheduled Fund Valuation Date in respect of a Fund Interest to be a Fund Valuation Date in respect of such Fund Interest or any continued postponement of such Fund Valuation Date;
  - (ii) **Fund Settlement Disruption:** “Fund Settlement Disruption” means a failure by a Fund on any day to pay the full amount (whether expressed as a percentage or otherwise) of any fund redemption proceeds with respect to any Fund Interest scheduled to have been paid on or by such day according to the relevant Fund Documents (without giving effect to any gating, deferral, suspension or other provisions permitting the Fund to delay or refuse redemption of Fund Interests).
- (c) **“Fund Extraordinary Event”** means each of the following events:
- (i) **Nationalization:** “Nationalization” means that all the Fund Interests or all or substantially all the assets of a Fund are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof;

- (ii) Insolvency: “Insolvency” means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Fund, (x) all the Fund Interests of that Fund are required to be transferred to a trustee, liquidator or other similar official or (y) holders of the Fund Interests of that Fund become legally prohibited from transferring or redeeming them;
- (iii) Fund Insolvency Event: “Fund Insolvency Event” means a Fund or relevant Fund Service Provider (A) is dissolved or has a resolution passed for its dissolution, winding up or official liquidation (other than pursuant to a consolidation, amalgamation or merger); (B) makes a general assignment or arrangement with or for the benefit of its creditors; (C) (x) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organization or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (y) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (x) above and either (1) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (2) is not dismissed, discharged, stayed or restrained in each case within fifteen days of the institution or presentation thereof; (D) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (E) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all of its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within fifteen days thereafter; or (F) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (E) and (F) above;
- (iv) NAV Trigger Event: “NAV Trigger Event” means that (x) the aggregate net asset value of a Fund has decreased by an amount equal to or greater than 30 per cent. since the Trade Date or, in respect of a Replacement Fund Interest, the relevant replacement date; or (y) a Fund has violated any leverage restriction that is applicable to, or affecting, it or its assets by operation of any law, any order or judgment of any court or other agency of government applicable to it or any of its assets, the relevant Fund Documents or any contractual restriction binding on or affecting the Fund or any of its assets;
- (v) Adviser Resignation Event: “Adviser Resignation Event” means the resignation, termination of appointment, or replacement of a Fund’s Fund Adviser;
- (vi) Fund Modification: “Fund Modification” means any change or modification of the relevant Fund Documents that could reasonably be expected to affect the value of a Fund Interest or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent) from those prevailing on the Trade Date or, in respect of a Replacement Fund Interest, the relevant replacement date; or the imposition of any fees or charges in relation to redemptions, subscriptions or transfers of Fund Interests;

- (vii) Strategy Breach: “Strategy Breach” means any breach or violation of any strategy or investment guidelines stated in the relevant Fund Documents that is reasonably likely to affect the value of a Fund Interest or the rights or remedies of any holders thereof (in each case, as determined by the Calculation Agent); or any change of the nature of a Fund, including but not limited to the type of investments, the duration, the credit risk and diversification of the investments to which that Fund is exposed, which, in the opinion of the Calculation Agent, results in a material deterioration of the risk profile of that Fund;
- (viii) Regulatory Action: “Regulatory Action” means (x) the cancellation, suspension or revocation of the registration or approval of a Fund Interest or the related Fund by any governmental, legal or regulatory entity with authority over such Fund Interest or Fund, (y) any change in the legal, tax, accounting, or regulatory treatments of a Fund or its Fund Adviser that is reasonably likely to have an adverse impact on the value of the related Fund Interest or on any investor therein (as determined by the Calculation Agent), or (z) a Fund or any of its Fund Administrator or Fund Adviser becoming subject to investigation, proceeding or litigation by any relevant governmental, legal or regulatory authority involving the alleged violation of applicable law for any activities relating to or resulting from the operation of such Fund, Fund Administrator or Fund Adviser;
- (ix) Reporting Disruption: “Reporting Disruption” means (x) occurrence of any event affecting a Fund Interest that, in the determination of the Calculation Agent, would make it impossible or impracticable for the Calculation Agent to determine the value of such Fund Interest in respect of a Scheduled Fund Valuation Date or a Scheduled Fund Redemption Valuation Date, and such event continues for at least two consecutive Scheduled Fund Valuation Dates or Scheduled Fund Redemption Valuation Dates, as the case may be; (y) any failure of a Fund to deliver, or cause to be delivered, (A) information that such Fund has agreed to deliver, or cause to be delivered to the Calculation Agent, including, but not limited to, information to determine the occurrence of a Fund Event and the annual audited financial report and semi-annual financial report, if any, in relation to the related Fund Interests, or (B) information that has been previously delivered to the Calculation Agent, in accordance with such Fund’s, or its authorised representative’s, normal practice and that the Calculation Agent deems necessary to monitor such Fund’s compliance with any investment guidelines, asset allocation methodologies or any other similar policies relating to the related Fund Interests;
- (x) Fund Service Provider Cessation: “Fund Service Provider Cessation” means that one or more Fund Service Provider(s) in respect of a Fund ceases to provide the service as outlined in the relevant Fund Documents prevailing on the Trade Date or, where the related Fund Interest is a Replacement Fund Interest, the relevant replacement date, and any such Fund Service Provider is not immediately replaced by another service provider acceptable to the Calculation Agent;
- (xi) Fund Administrator Disruption: “Fund Administrator Disruption” means any event or circumstances, which in the opinion of the Calculation Agent compromises the independence of a Fund Administrator performing services for a Fund from the relevant Fund Adviser; or
- (xii) Related Agreement Termination: “Related Agreement Termination” means a Fund or any of its Fund Administrator or Fund Adviser is in breach of or has terminated any existing agreement with the Calculation Agent in respect of, but not limited to, retrocession, dealing fees, liquidity and licensing.



Following the occurrence of a Fund Event, the Issuer may take the action described in (i) or (ii) below which the Calculation Agent, in its sole and absolute discretion, determines to be practicable, which may be determined by the Calculation Agent after all necessary information has been obtained and/ or released by the Fund:

- (i) require the Calculation Agent to make such determinations and/or adjustments to the Terms and Conditions and/or the applicable Final Terms as it determines appropriate to account for the Fund Event, which may include, without limitation,
  - (a) delaying any determination date (including any Valuation Date or Averaging Date) and/or any date on which payment might otherwise have to be made under the terms of the applicable Final Terms until it determines that no Fund Event exists;
  - (b) determining that, in the sole and absolute discretion of the Calculation Agent, one or more Fund Events may continue until or after any scheduled determination dates and/or payment dates as set out in the applicable Final Terms, and thereafter determining to fix any determination date (including any Valuation or Averaging Date) and/or date on which payment should be made, and making payment on such date of such amount as is appropriate, as determined in sole and absolute discretion of the Calculation Agent, taking into account the Fund Event, and which may be based solely on any amounts of cash that a Hypothetical Investor in the Fund actually received from the Fund during the relevant period or periods (and which may be less than any relevant net asset value published for the Fund, and may be as low as zero);
  - (c) calculating the value of a Fund Interest and/or replacing a Fund Interest (the “Affected Fund Interest”) with a replacement fund interest (the “Replacement Fund Interest”) with a value as determined by the Calculation Agent equal to the Removal Value for the Affected Fund Interest and in a fund which in the determination of the Calculation Agent has similar characteristics, investment objectives and policies to those applicable to the Fund in respect of the Affected Fund Interest immediately prior to the occurrence of the Fund Event; or
- (ii) on giving notice to the Holders in accordance with Note Condition 13, redeem all (but not some only) of the Notes, each Note being redeemed at the Early Redemption Amount.

If the Calculation Agent replaces an Affected Fund Interest with a Replacement Fund Interest, such replacement shall take effect on the first reasonably practicable date following the Removal Date for such Affected Fund Interest on which the Calculation Agent determines that a Hypothetical Investor could acquire the Replacement Fund Interest.

Upon the occurrence of a Fund Event, the Issuer shall give notice as soon as reasonably practicable to the Holders in accordance with Note Condition 13 giving details of the action proposed to be taken in relation thereto, provided that any failure to give, or non-receipt of, such notice will not affect the validity of such action.

## **5. Fund Potential Adjustment Events**

“**Fund Potential Adjustment Event**” means any of the following:

- (i) a subdivision, consolidation or reclassification of relevant Fund Interests or a free distribution or dividend of any such Fund Interests to existing holders by way of bonus, capitalization or similar issue;
- (ii) a distribution, issue or dividend to existing holders of relevant Fund Interests of (A) such Fund Interests or (B) other share capital or securities granting the right to payment of

dividends and/or the proceeds of liquidation of the related Fund equally or proportionately with such payments to holders of such Fund Interests or (C) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the related Fund as a result of a spin-off or other similar transaction or (D) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or in other consideration) at less than the prevailing market price as determined by the Calculation Agent;

- (iii) an extraordinary dividend as determined by the Calculation Agent;
- (iv) a repurchase by a Fund of relevant Fund Interests whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise other than where such repurchase is a redemption of Fund Interests initiated by an investor in such Fund Interests and consistent with the relevant Fund Documents; or
- (v) any other event that may have, in the opinion of the Calculation Agent, a diluting, concentrative or other on the theoretical value of relevant Fund Interests.

Following the declaration by a Fund of the terms of any Fund Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Fund Potential Adjustment Event has a diluting, concentrative or other effect on the theoretical value of the relevant Fund Interest and, if so, will make the corresponding adjustment, if any, to any one or more of any of the terms of the Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion, determines appropriate to account for that diluting, concentrative or other effect (provided that no adjustments will be made to account solely for changes in volatility, expected dividends or liquidity relative to the relevant Fund Interest) and determine the effective date of that adjustment.

Upon the making of any such adjustment by the Calculation Agent, the Issuer shall give notice as soon as reasonably practicable to the Holders in accordance with Note Condition 13 stating the adjustment to any of the terms of the Terms and Conditions, and/or the applicable Final Terms and giving brief details of the Fund Potential Adjustment Event, provided that any failure to give, or non receipt of, such notice will not affect the validity of any such adjustment.

## **6. Provisions relating to Exchange Traded Funds**

Fund Linked Conditions 7, 8, 9 and 10 apply to Exchange Traded Funds.

## **7. Definitions (Exchange Traded Funds)**

“**Disrupted Day**” means 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 has occurred.

“**ETF**” means any fund which is an exchange traded fund as specified in the applicable Final Terms, or if not so specified, any fund which the Calculation Agent determines to be an Exchange Traded Fund.

“**Exchange**” means, in relation to a Fund Share, the exchange or principal trading market for such ETF specified in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Fund Shares in respect of such ETF has temporarily relocated.

“**Exchange Business Day**” means 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.

“**Fund Share**” means an equity security of each ETF, and references to “holder of Fund Shares” and “Fund Shareholder” shall be construed accordingly.

“**Related Exchange**” means, in relation to a Fund Share, each exchange or principal trading market specified as such for such Fund Share in the applicable Final Terms, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Fund Shares in respect of such Fund Share has temporarily relocated (provided the Calculation Agent has determined that there is comparable liquidity relative to such Fund Shares on such temporary substitute exchange or quotation system as on the original Related Exchange), provided however, that where “All Exchanges” is specified as the Related Exchange in the applicable Final Terms, “**Related Exchange**” shall mean each exchange or principal trading market where trading has a material effect (as determined by the Calculation Agent) on the overall market for such Fund Shares.

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

“**Scheduled Trading Day**” means any day on which each Exchange and each Related Exchange are scheduled to be open for trading for their respective regular trading sessions.

“**Scheduled Valuation Date**” means any original date that, but for the occurrence of an event causing a Disrupted Day, would have been a Valuation Date.

“**Underlying Index**” means the underlying index specified in the applicable Final Terms.

“**Valuation Cut-Off Date**” means the eighth Scheduled Trading Day immediately following the Scheduled Valuation Date or if earlier the Scheduled Trading Day falling on or immediately preceding the second Business Day immediately preceding the date on which payment of any amount or delivery of any assets may have to be made pursuant to any calculation or determination made on such Valuation Date, provided that the Valuation Cut-Off Date shall not fall prior to the original date on which such Valuation Date was scheduled to fall.

“**Valuation Date**” means each Valuation Date specified in the applicable Final Terms or if that is not a Scheduled Trading Day the first Scheduled Trading Day thereafter or, if earlier, the Valuation Cut-Off Date. If such day is a Disrupted Day, then:

- (a) where the Fund Linked Notes relate to a single Fund, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the Scheduled Trading Days up to and including the Valuation Cut-Off Date is a Disrupted Day. In that case, or if such Valuation Date falls on the Valuation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for such Fund Share, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date (notwithstanding the fact that such day may be a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price in the manner set out in the applicable Final Terms or, if not set out or if not practicable, determine the relevant price in accordance with its good faith estimate of the relevant price as of the Valuation Time on the Valuation Cut-Off Date; or
- (b) where the Fund Linked Notes relate to a Basket of Funds, the Valuation Date for each Fund Share not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date (or, if earlier, the Valuation Cut-Off Date) and the Valuation Date for each Fund Share affected (each an “Affected Fund Share”) by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Fund Share, unless each of the Scheduled Trading Days immediately following the Scheduled Valuation Date up to and including the Valuation

Cut-Off Date is a Disrupted Day relating to the Affected Fund Share. In that case, or if such Valuation Date falls on the Valuation Cut-Off Date owing to the original date on which it was scheduled to fall not being a Scheduled Trading Day for such Affected Fund Share, (i) the Valuation Cut-Off Date shall be deemed to be the Valuation Date for such Share (notwithstanding the fact that such day may be a Disrupted Day) and (ii) the Calculation Agent shall determine the relevant price using, in relation to such Affected Fund Share, a price determined in the manner set out in the applicable Final Terms or, if not set out or if not practicable, using its good faith estimate of the price for the Affected Fund Share as of the Valuation Time on the Valuation Cut-Off Date, and otherwise in accordance with the above provisions.

“**Valuation Time**” means the Valuation Time specified in the applicable Final Terms or, if no Valuation Time is specified, the Scheduled Closing Time on the relevant Exchange on the relevant Valuation Date in relation to each Fund Share to be valued. If the relevant Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time.

## 8. **Market Disruption**

“**Market Disruption Event**” means, in respect of a Fund Share:

- (a) the occurrence or existence at any time during the one hour period that ends at the relevant Valuation Time:
  - (x) of any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (A) relating to the relevant Fund Share on such Exchange; or (B) relating to securities that comprise 20 per cent. or more of the level of the relevant Underlying Index or any relevant successor index; or (C) in futures or options contracts relating to such Fund Shares or the relevant Underlying Index on any relevant Related Exchange, or
  - (y) of any event (other than an event described in (b) below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to (i) effect transactions in, or obtain market values for, the Fund Shares on the Exchange, (ii) effect transactions in, or obtain market values for securities that comprise 20 per cent. or more of the level of the relevant Underlying Index, or (iii) to effect transactions in, or obtain market values for, futures or options contracts relating to such Fund Shares or the relevant Underlying Index on any relevant Related Exchange; or
- (b) the closure on any Exchange Business Day of any relevant Exchange(s) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or such Related Exchange(s), as the case may be, at least one hour prior to (A) the actual closing time for the regular trading session on such Exchange(s) or such Related Exchange on such Exchange Business Day or, if earlier, (B) the submission deadline for orders to be entered into such Exchange or Related Exchange system for execution at the Valuation Time on such Exchange Business Day,

which in any such case the Calculation Agent determines is material.

For the purpose of determining whether a Market Disruption Event exists in respect of a Fund Share at any time, if an event giving rise to a Market Disruption Event occurs in respect of a security included in the relevant Underlying Index at that time, then the relevant percentage contribution of that security, to the level of the relevant Underlying Index shall be based on a comparison of (i) the portion of the level of the relevant Underlying Index attributable to that

security, and the overall level of the relevant Underlying Index immediately before the occurrence of such Market Disruption Event.

The Issuer shall give notice as soon as practicable to the Holders in accordance with Note Condition 13 occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day, would have been a Valuation Date provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such Disrupted Day.

## 9. Potential Adjustment Event

“**Potential Adjustment Event**” means any of the following:

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

Following a Potential Adjustment Event, the Calculation Agent will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Fund Shares and, if so, will (a) make the corresponding adjustment(s), if any, to any one or more of the terms of the Terms and Conditions of the Notes and/or the applicable Final Terms as the Calculation Agent determines appropriate to account for that diluting or concentrative effect and (b) determine the effective date(s) of that adjustment(s). The Calculation Agent may, but need not, determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of such Potential Adjustment Event made by an options exchange to options on the relevant Fund Shares traded on such options exchange.

Upon the making of any such adjustment, the Calculation Agent shall as soon as is reasonably practicable under the circumstances give notice to the Holders in accordance with Note Condition 13, stating the adjustment made and giving brief details of the Potential Adjustment Event,

provided that any failure to give, or non-receipt of, such notice will not affect the validity of any such adjustment.

**10. De-Listing, Insolvency, Material Underlying Event, Merger Date, Merger Event, Nationalization, Tender Offer**

“**De-Listing**” means, in respect of a Fund Share, that the relevant Exchange announces that pursuant to the rules of such Exchange, such Fund Share ceases (or will cease) to be listed, traded or publicly quoted on such Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as the Exchange (or, where the Exchange is within the European Union, in a member state of the European Union).

“**Insolvency**” means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting an ETF, (A) all the Fund Shares of that ETF are required to be transferred to a trustee, liquidator or other similar official or (B) holders of the Fund Shares of that ETF become legally prohibited from transferring them.

“**Material Underlying Event**” means any of the following:

- (i) the investment objectives and/or policies in respect of the ETF are materially changed;
- (ii) an illegality occurs or a relevant authorization or license is revoked in respect of the ETF and/ or the ETF is required by a competent authority (other than any holder of the Fund Shares) to redeem any Fund Shares;
- (iii) there is a change in any relevant jurisdiction in respect of any payments made by the ETF in respect of any Fund Share as a result of which the amounts paid or to be paid by the Issuer in connection with hedging arrangements relating to the Notes are materially reduced or otherwise adversely affected; and/or
- (iv) any other event occurs in relation to the ETF and/or the Fund Shares which is materially prejudicial to the Issuer in connection with the issue of the Notes or any hedging arrangements relating to the Notes, as determined by the Calculation Agent.

“**Merger Date**” means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

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

Merger”), in each case if the Merger Date is on or before the Valuation Date (or such other date as is specified in the applicable Final Terms).

“**Nationalization**” means that all the Fund Shares or all or substantially all the assets of an ETF are nationalized, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

“**Tender Offer**” means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the relevant ETF, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

“**Tender Offer Date**” means, in respect of a Tender Offer, the date on which voting shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Calculation Agent).

If a De-Listing, Merger Event, Tender Offer, Nationalization, Insolvency or Material Underlying Event occurs in relation to any Fund Share, the Issuer in its sole and absolute discretion may take the action described in (i), (ii) or (iii) below:

- (i) require the Calculation Agent, in its sole and absolute discretion, to determine the appropriate adjustment(s), if any, to be made to any one or more of the terms of the Terms and Conditions and/or the applicable Final Terms to account for the De-Listing, Merger Event, Tender Offer, Nationalization, Insolvency or Material Underlying Event, as the case may be, and determine the effective date(s) of that adjustment(s). The Calculation Agent may (but need not) determine the appropriate adjustment(s) by reference to the adjustment(s) in respect of the De-Listing, Merger Event, Tender Offer, Nationalization, Insolvency or Material Underlying Event made by any options exchange to options on the relevant Fund Share traded on that options exchange;
- (ii) give notice to the Noteholders in accordance with Note Condition 13, and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount; or
- (iii) following such adjustment to the settlement terms of options on the Fund Shares traded on such exchange(s) or quotation system(s) as the Issuer in its sole discretion shall select (the “Options Exchange”), require the Calculation Agent to make a corresponding adjustment to any one or more of the terms of the Terms and Conditions and/or the applicable Final Terms, which adjustment will be effective as of the date determined by the Calculation Agent to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Fund Shares are not traded on the Options Exchange, the Calculation Agent will make such adjustment, if any, to any one or more of the terms of the Terms and Conditions and/or the applicable Final Terms as the Calculation Agent in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the Options Exchange to account for the Merger Event, Tender Offer, De-listing, Nationalization, Insolvency or Material Underlying Event, as the case may be, that in the determination of the Calculation Agent would have given rise to an adjustment by the Options Exchange if such Option were so traded.

Upon the occurrence of a Merger Event, Tender Offer, De-listing, Nationalization, Insolvency or Material Underlying Event, the Issuer shall give notice as soon as practicable to the Holders in accordance with Note Condition 13 stating the occurrence of the Merger Event, Tender Offer, Nationalization, De-listing, Insolvency or Material Underlying Event, as the case may be, giving details thereof and the action proposed to be taken in relation thereto provided that any failure to

give, or non-receipt of, such notice will not affect the validity of any such Merger Event, Tender Offer, De-listing, Nationalization or Insolvency, as the case may be.

## 11. Additional Disruption Events

- (a) “**Additional Disruption Event**” means any of Change in Law, Hedging Disruption and/or Increased Cost of Hedging, in each case if specified in the applicable Final Terms.

“**Change in Law**” means that, on or after the Trade Date (i) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law) or an Announced Prospective Change, or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Calculation Agent determines in its sole and absolute discretion that (A) it has become illegal to hold, acquire or dispose of any relevant Fund Share or (B) it will incur (or, in the case of an Announced Prospective Change and assuming that such Announced Prospective Change becomes effective as of the date specified in such announcement and in the form announced, would incur) a materially increased cost in performing its obligations in relation to the Fund Linked Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer and/or any of its affiliates).

“**Hedging Disruption**” means that the Issuer and/or any of its Affiliates or agents is unable, after using commercially reasonable efforts, to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Fund Linked Notes, or (ii) realize, recover or remit the proceeds of any such transaction(s) or asset(s).

“**Increased Cost of Hedging**” means that the Issuer and/or any of its Affiliates or agents would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) or cost of capital or capital to be set aside to (i) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the equity or other price risk of the Issuer issuing and performing its obligations with respect to the Fund Linked Notes, or (ii) realize, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates or agents shall not be deemed an Increased Cost of Hedging.

- (b) If an Additional Disruption Event occurs, the Issuer in its sole and absolute discretion may take the action described in (i) or (ii) below:
- (i) require the Calculation Agent to determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any of the other terms of the Terms and Conditions and/or the applicable Final Terms to account for the Additional Disruption Event and determine the effective date of that adjustment; or
  - (ii) give notice to Holders in accordance with Note Condition 13 and redeem all, but not some only, of the Notes, each nominal amount of Notes equal to the Calculation Amount being redeemed at the Early Redemption Amount.
- (c) Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the Holders in accordance with Note Condition 13 stating the occurrence of the Additional Disruption Event giving details thereof and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event.



**ANNEX 6**  
**ADDITIONAL TERMS AND CONDITIONS FOR PHYSICAL DELIVERY NOTES**

**1. Interpretation**

The following provisions (the “Physical Delivery Note Conditions”) apply to Notes specified as being Physical Delivery Notes in the applicable Final Terms or where Physical Delivery is specified in the applicable Final Terms.

References in the Physical Delivery Note Conditions to “delivery”, “delivered” and “deliver” shall in the context of the delivery of the Entitlement in respect of Credit Linked Notes be deemed to be references to “Delivery”, “Delivered” and “Deliver” as such terms are defined and construed in the Credit Linked Conditions.

**2. Delivery of Entitlement and Asset Transfer Notices**

In order to obtain delivery of the Entitlement(s) in respect of any Note:

- (i) if such Note is represented by a Global Note, the relevant Holder must deliver to Euroclear or Clearstream, Luxembourg (as applicable), with a copy to the Fiscal Agent and the Issuer not later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice substantially in the form set out in the Agency Agreement (the “Asset Transfer Notice”); and
- (ii) if such Note is in definitive form, the relevant Holder must deliver to any Paying Agent, with a copy to the Fiscal Agent and the Issuer not later than the close of business in each place of reception on the Cut-Off Date, a duly completed Asset Transfer Notice.

Forms of the Asset Transfer Notice may be obtained during normal business hours from the specified office of any Paying Agent.

An Asset Transfer Notice may only be delivered (i) if such Note is represented by a Global Note, in such manner as is acceptable to Euroclear or Clearstream, Luxembourg, as the case may be or (ii) if such Note is in definitive form in writing. If such Note is in definitive form, such Note must be delivered together with the duly completed Asset Transfer Notice.

The Issuer shall at the risk of the relevant Holder deliver the Entitlement in respect of each Note or, in the case of Credit Linked Notes, Deliver the Deliverable Obligations comprising the Entitlement in such commercially reasonable manner as the Issuer shall, in its sole discretion, determine to be appropriate for such delivery.

All expenses including any applicable depositary charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities, transfer and/or other taxes or duties (together “Expenses”) arising from the redemption of the Notes and the delivery of any Entitlement shall be for the account of the relevant Holder and no delivery and/or transfer of any Entitlement shall be made until all Expenses have been paid to the satisfaction of the Issuer by the relevant Holder.

An Asset Transfer Notice must:

- (i) specify the name, address and contact telephone number of the relevant Holder and the person from whom the Issuer may obtain details for the delivery of the Entitlement if such delivery is to be made otherwise than in the manner specified in the applicable Final Terms;
- (ii) in the case of Notes represented by a Global Note, specify the nominal amount of Notes which are the subject of such notice and the number of the Holder’s account at Euroclear

or Clearstream, Luxembourg, as the case may be, to be debited with such Notes and irrevocably instruct and authorise Euroclear or Clearstream, Luxembourg, as the case may be, to debit the relevant Holder's account with such Notes on or before the Maturity Delivery Date (as defined below) or, in the case of Credit Linked Notes, the Credit Settlement Date;

- (iii) include an undertaking to pay all Expenses and, in the case of Notes represented by a Global Note, an authority to debit a specified account of the Holder at Euroclear or Clearstream, Luxembourg, as the case may be, in respect thereof and to pay such Expenses;
- (iv) include such details as are required by the applicable Final Terms for delivery of the Entitlement which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered and specify the name and number of the Holder's account to be credited with any cash payable by the Issuer, in respect of any cash amount constituting the Entitlement or any dividends relating to the Entitlement, as a result of the occurrence of a Settlement Disruption Event or a Failure to Deliver due to Illiquidity and the Issuer electing to pay the Disruption Cash Settlement Price or Failure to Deliver Settlement Price, as applicable, or in respect of any Partial Cash Settlement Amounts;
- (v) certify that the beneficial owner of each Note is not a United States person (as defined in the Asset Transfer Notice), the Note is not being redeemed within the United States or on behalf of a United States person and no cash, securities or other property have been or will be delivered within the United States or to, or for the account or benefit of, a United States person in connection with any redemption thereof; and
- (vi) authorise the production of such notice in any applicable administrative or legal proceedings.

No Asset Transfer Notice may be withdrawn after receipt thereof by Euroclear, Clearstream, Luxembourg or a Paying Agent as provided above. After delivery of an Asset Transfer Notice, the relevant Holder may not transfer the Notes which are the subject of such notice.

In the case of Notes represented by a Global Note, upon receipt of such notice, Euroclear or Clearstream, Luxembourg, as the case may be, shall verify that the person specified therein as the Holder is the holder of the specified nominal amount of Notes according to its books.

Subject thereto, Euroclear or Clearstream, Luxembourg, as the case may be, will confirm to the Fiscal Agent the series number and number of Notes the subject of such notice, the relevant account details (if applicable) and the details for the delivery of the Entitlement in respect of each such Note. Upon receipt of such confirmation, the Fiscal Agent will inform the Issuer thereof. Euroclear or Clearstream, Luxembourg, as the case may be, will on or before the Maturity Delivery Date or Credit Settlement Date, as the case may be, debit the securities account of the relevant Holder with the Notes the subject of the relevant Asset Transfer Notice.

Failure properly to complete and deliver an Asset Transfer Notice may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided in the Physical Delivery Note Conditions shall be made, in the case of Notes represented by a Global Note, by Euroclear or Clearstream, Luxembourg, as the case may be, after consultation with the Fiscal Agent and the Issuer and shall be conclusive and binding on the Issuer and the relevant Holder or in the case of Notes in definitive form, by the relevant Paying Agent after consultation with the Fiscal Agent and the Issuer and shall be conclusive and binding on the Issuer and the relevant Holder.

If such Asset Transfer Notice is subsequently corrected to the satisfaction of Euroclear or Clearstream, Luxembourg, as the case may be, or the relevant Paying Agent, in each case in consultation with the Fiscal Agent and the Issuer, it shall be deemed to be a new Asset Transfer Notice submitted at the time such correction was delivered as provided above. Euroclear, Clearstream, Luxembourg or the relevant Paying Agent, as applicable, shall use its best efforts promptly to notify the Holder submitting an Asset Transfer Notice if, in consultation with the Fiscal Agent and the Issuer, it has determined that such Asset Transfer Notice is incomplete or not in proper form. In the absence of negligence or willful misconduct on its part, none of the Issuer, the Paying Agents, Euroclear, Clearstream, Luxembourg or the Fiscal Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder.

The Entitlement will be delivered at the risk of the relevant Holder, in the manner provided above on the Maturity Date (such date, subject to adjustment in accordance with these Physical Delivery Note Conditions, the “Maturity Delivery Date”) or, in the case of Credit Linked Notes, in the manner provided above on the Credit Settlement Date, provided that the Asset Transfer Notice is duly delivered to Euroclear, Clearstream, Luxembourg or a Paying Agent, as the case may be, with a copy to the Principal Paying Agent and the Issuer, as provided above, not later than the close of business in each place of receipt on the Cut-Off Date.

If an Asset Transfer Notice is delivered to Euroclear, Clearstream, Luxembourg or a Paying Agent, as the case may be, with a copy to the Principal Paying Agent and the Issuer, later than the close of business in each place of receipt on the Cut-Off Date, then the Entitlement will be delivered as soon as practicable after the Maturity Date (in which case, such date of delivery shall be the Maturity Delivery Date) or, in the case of Credit Linked Notes, the Credit Settlement Date at the risk of such Holder in the manner provided above. Provided that if in respect of a Note an Asset Transfer Notice is not delivered to Euroclear, Clearstream, Luxembourg or a Paying Agent, as the case may be, with a copy to the Fiscal Agent and the Issuer, later than the close of business in each place of receipt on the 90th calendar day following the Cut-off Date the Issuer’s obligations in respect of such Note shall be discharged and no further liability in respect thereof shall attach to the Issuer. For the avoidance of doubt, in such circumstances such Holder shall not be entitled to any payment, whether of interest or otherwise, as a result of such Maturity Delivery Date or the Credit Settlement Date, as the case may be, falling after the originally designated Maturity Delivery Date or Credit Settlement Date, as the case may be, and no liability in respect thereof shall attach to the Issuer.

Delivery of the Entitlement in respect of the Notes is subject to all applicable laws, regulations and practices in force on the Maturity Delivery Date or the Credit Settlement Date, as the case may be, and none of the Issuer, or any of its Affiliates or agents and the Paying Agents shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. None of the Issuer or any of its Affiliates or agents and the Paying Agents shall under any circumstances be liable for any acts or defaults of Euroclear or Clearstream, Luxembourg in relation to the performance of their duties in relation to the Notes.

For such period of time after the Maturity Delivery Date or Credit Settlement Date, as the case may be, as any person other than the relevant Holder shall continue to be the legal owner of the securities, obligations or Deliverable Obligations comprising the Entitlement (the “Intervening Period”), neither the Issuer nor any other such person shall (i) be under any obligation to deliver or procure delivery to the relevant Holder or any subsequent beneficial owner of such Note any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such securities, obligations or Deliverable Obligations, (ii) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such securities, obligations or Deliverable Obligations during the Intervening Period or (iii) be under any liability to the relevant Holder, or any subsequent beneficial owner of such Note in respect of any loss or damage which the relevant Holder, or subsequent beneficial owner may sustain or suffer as a result, whether directly or indirectly, of

that person being the legal owner of such securities, obligations or Deliverable Obligations during such Intervening Period.

Where the Entitlement comprises shares, any dividend or other distribution in respect of such Entitlement will be payable to the party that would receive such dividend or other distribution according to market practice for a sale of the share executed on the Maturity Delivery Date and to be delivered in the same manner as the Entitlement. Any such dividend or other distribution to be paid to a Holder shall be paid to the account specified in the relevant Asset Transfer Notice.

Except in the case of Credit Linked Notes, where the Entitlement is, in the determination of the Issuer, an amount other than an amount of Relevant Assets capable of being delivered, the Holders will receive an Entitlement comprising of the nearest number (rounded down) of Relevant Assets capable of being delivered by the Issuer (taking into account that a Holder's entire holding may be aggregated at the Issuer's discretion for the purpose of delivering the Entitlements), and in respect of the amount of Relevant Assets not capable of being delivered, an amount in the Specified Currency which shall be the value of the amount of the Relevant Assets so rounded down, as calculated by the Calculation Agent in its sole discretion from such source(s) as it may select (converted if necessary into the Specified Currency by reference to such exchange rate as the Calculation Agent deems appropriate).

### **3. Settlement Disruption Event**

The provisions of this Physical Delivery Note Condition 3 shall apply to Physical Delivery Notes other than Credit Linked Notes. If, prior to the delivery of the Entitlement in accordance with these Physical Delivery Note Conditions, a Settlement Disruption Event is subsisting, then the Maturity Delivery Date in respect of such Note shall be postponed until the next Settlement Business Day on which no Settlement Disruption Event is subsisting and notice thereof shall be given to the relevant Holder, in accordance with Note Condition 13. Such Holder shall not be entitled to any payment, whether of interest or otherwise, on such Note as a result of any delay in the delivery of the Entitlement pursuant to these Physical Delivery Note Conditions. Where delivery of the Entitlement has been postponed as provided in the Physical Delivery Note Conditions the Issuer shall not be in breach of these Conditions and no liability in respect thereof shall attach to the Issuer.

For so long as delivery of the Entitlement in respect of any Note is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Note by payment to the relevant Holder of the Disruption Cash Settlement Price not later than on the third Business Day following the date that the notice of such election (the "Election Notice") is given to the Holders in accordance with Note Condition 13.

### **4. Failure to Deliver due to Illiquidity**

The provisions of this Physical Delivery Note Condition 4 shall apply to Physical Delivery Notes other than Credit Linked Notes.

If Failure to Deliver due to Illiquidity is specified as applying in the applicable Final Terms and, in the opinion of the Calculation Agent, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets comprising the Entitlement (the "Affected Relevant Assets"), where such failure to deliver is due to illiquidity in the market for the Relevant Assets (a "Failure to Deliver due to Illiquidity"), then:

- (i) subject as provided elsewhere in the Physical Delivery Note Conditions and/or the applicable Final Terms, any Relevant Assets which are not Affected Relevant Assets, will be delivered on the originally designated Maturity Delivery Date in accordance with the Physical Delivery Note Conditions; and

- (ii) in respect of any Affected Relevant Assets, notwithstanding any other provision hereof, the Issuer may elect in its sole discretion, in lieu of delivery of the Affected Relevant Assets, to pay to the relevant Holder the Failure to Deliver Settlement Price (as defined below) on the fifth Business Day following the date the Failure to Deliver Notice (as defined below) is given to the Holders in accordance with Note Condition 13. The Issuer shall give notice (such notice a “Failure to Deliver Notice”) as soon as reasonably practicable to the Holders in accordance with Note Condition 13 that the provisions of this Physical Delivery Note Condition 4 apply.

## 5. Option to Vary Settlement

The provisions of this Physical Delivery Note Condition 5 shall apply to Physical Delivery Notes other than Credit Linked Notes.

If the applicable Final Terms indicate that the Issuer has an option to vary settlement in respect of the Notes, the Issuer may at its sole and unfettered discretion in respect of each such Note, elect not to pay the relevant Holders the Final Redemption Amount or to deliver or procure delivery of the Entitlement to the relevant Holders, as the case may be, but, in lieu thereof to deliver or procure delivery of the Entitlement or make payment of the Final Redemption Amount on the Maturity Date to the relevant Holders, as the case may be. Notification of such election will be given to Holders in accordance with Condition 13.

## 6. Additional Provisions for Credit Linked Notes

The provisions of this Physical Delivery Note Condition 6 shall apply to Credit Linked Notes.

In relation to each Deliverable Obligation constituting the Entitlement the Issuer will Deliver or procure the Delivery of the relevant Deliverable Obligation as provided in Physical Delivery Note Condition 2 on the Credit Settlement Date, provided that if all or some of the Deliverable Obligations included in the Entitlement are Undeliverable Obligations and/or Hedge Disruption Obligations, then the Issuer shall continue to attempt to Deliver all or a portion of such Undeliverable Obligations or Hedge Disruption Obligations, as the case may be, on or before the 30th Business Day following the Credit Settlement Date (the “Final Delivery Date”), provided further that if all or a portion of such Undeliverable Options or Hedge Disruption Obligations, as the case may be, are not Delivered by the Final Delivery Date the provisions of Credit Linked Condition 9 shall apply.

## 7. Definitions

For the purposes of these Physical Delivery Note Conditions:

“**Disruption Cash Settlement Price**” means, in respect of each nominal amount of Notes equal to the Calculation Amount, an amount equal to the fair market value of such Notes (but not taking into account any interest accrued on such Note and paid pursuant to Note Condition 4 and Note Condition 5) on such day as shall be selected by the Issuer in its sole and absolute discretion provided that such day is not more than 15 days before the date that the Election Notice is given as provided above less the cost to the Issuer and/or its Affiliates or agents of the Issuer of unwinding or adjusting any underlying or related hedging arrangements (including the cost of funding in respect of such hedging arrangements), all as calculated by the Calculation Agent in its sole and absolute discretion.

“**Failure to Deliver Settlement Price**” means, in respect of each nominal amount of the Notes equal to the Calculation Amount, the fair market value of the Affected Relevant Assets in respect of such Notes on the fifth Business Day prior to the date on which the Failure to Deliver Notice is given as provided above, less the cost to the Issuer and/or its Affiliates or agents of unwinding or adjusting any underlying or related hedging arrangements (including the cost of funding in respect

of such hedging arrangements), all as calculated by the Calculation Agent in its sole and absolute discretion.

**“Settlement Disruption Event”** means an event beyond the control of the Issuer as a result of which, in the opinion of the Calculation Agent delivery of the Entitlement by or on behalf of the Issuer in accordance with the Physical Delivery Note Conditions and/or the applicable Final Terms is not practicable.

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